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REFERENCE BOOK

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CITY & COUNTY OF SAN FRANCISCO

GAVIN NEWSOM, MAYOR

TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND



DOCUMENTS DEPT.

JUL - 6 2006

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NOTICE OF CANCELLED MEETING TREASURE ISLAND DEVELOPMENT AUTHORITY

NOTICE IS HEREBY GIVEN that the regular meeting of the Treasure Island Development Authority scheduled for Wednesday, July 12, 2006 at 1:30 pm at 1 Dr. Carlton B. Goodlett Place, Room 400, City Hall, San Francisco, California, has been **Cancelled**.

SF
T 74
1
7/12/06
Cancelled

The next regularly scheduled Authority meeting will be held on August 9th, 2006.

Treasure Island Development Authority

Disability Access

The Treasure Island Development Authority holds its regular meetings at San Francisco City Hall. City Hall is accessible to persons using wheelchairs and others with disabilities. Assistive listening devices are available upon request. Agendas are available in large print. Materials in alternative formats and/or American Sign Language interpreters will be made available upon request. Please make your request for alternative format or other accommodations to the Mayor's Office on Disability 554-6789 (V), 554 6799 (TTY) **at least 72 hours** prior to the meeting to help ensure availability.

The nearest accessible BART station is Civic Center Plaza at the intersection of Market, Grove, and Hyde Streets. The accessible MUNI Metro lines are the J, K, L, M, and N (Civic Center Station or Van Ness Avenue Station). MUNI bus lines serving the area are the 47 Van Ness, 9 San Bruno, and the 6, 7, 71 Haight/ Noriega. Accessible curbside parking is available on 1 Dr. Carlton B. Goodlett Place and Grove Street. For more information about MUNI accessible services, call 923-6142.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based scented products. Please help the City to accommodate these individuals. The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing devices.

Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign and Governmental Code 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102, telephone (415) 581-2300, fax (415) 581-2317 and web site <http://www.sfgov.org/ethics/>.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at 415 554 7724; by fax at 415 554 7854; or by email at soff@sfgov.org.

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>

TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0880 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND



**TREASURE ISLAND DEVELOPMENT AUTHORITY
SPECIAL MEETING AGENDA**

July 26, 2006 1:30 P.M.

DOCUMENTS DEPT.

Room 400, City Hall
1 Dr. Carlton B. Goodlett Place

JUL 21 2006

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Gavin Newsom, Mayor

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Jesse Blout
Jared Blumenfeld
John Elberling

Matthew Franklin
Marcia Rosen
Supervisor Chris Daly (*ex-officio*)

Peter Summerville, Commission Secretary

ORDER OF BUSINESS

1. Call to Order and Roll Call
2. Report by Director (*Discussion Item*)
3. Report by Mayor's Office of Base Reuse and Development (*Discussion Item*)
4. Communications (*Discussion Item*)
5. Report by the Treasure Island/Yerba Buena Island Citizen's Advisory Board (*Discussion Item*)
6. Ongoing Business by Directors (*Discussion Item*)
7. General Public Comment (*Discussion Item*) ***In addition to General Public Comment (Item #7), Public Comment will be held during each item on the agenda.***

8. CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine by the Treasure Island Development Authority Board and will be acted upon by a single vote of the Authority Board. There will be no separate discussion of these items unless a member of the Authority Board so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

- a.) Approval of Minutes of June 14th Regular Meeting and May 31 Special Meeting (*Action Item*)
- b.) Resolution Retroactively Authorizing an Agreement with Toolworks, Inc. to Provide Janitorial and Building Maintenance Services for a Term Commencing on July 1, 2006 and Expiring on June 30, 2007 for an Amount Not to Exceed \$130,000 (*Action Item*)
- c.) Resolution Retroactively Authorizing an Agreement with Rubicon Enterprises, Inc. to provide landscape and grounds maintenance services for a term beginning on July 1, 2006, and expiring on June 30, 2007, for an amount not to exceed \$725,000 (*Action Item*)
- d.) Resolution Authorizing a Third Amendment to the Contract with Economic and Planning Systems to Extend the Term for an Additional 6 Months Through December 31, 2006 (*Action Item*)
- e.) Resolution Authorizing a Fourth Amendment to the Contract with Seifel Consulting Inc. to Extend the Term for an Additional 12 Months Through June 30, 2007 (*Action Item*)
- f.) Resolution Authorizing a Seventh Amendment to the Contract with URS to Extend the Term for an Additional 2 Months Through August 31, 2006 (*Action Item*)
- g.) Resolution Authorizing a Fourth Amendment to the Contract with CH2M Hill to Extend the Term for an Additional 12 Months Through June 30, 2007 (*Action Item*)
- 9. Resolution Authorizing an Amendment to the Schedule of Performance Set Forth in the Exclusive Negotiating Agreement with Treasure Island Community Development, LLC by Extending the Milestone Date for Completion of a Term Sheet on a Month-to-Month Basis Not to Exceed Six Months (*Action Item*)

10. POSSIBLE CLOSED SESSION

If approved by the TIDA Board, this Closed Session item will take place for approximately 45 minutes at the end of the meeting

- a. Public Comment on all items relating to closed session
- b. Vote on whether to hold closed session to confer with real property negotiators. (*Action item*)

c. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Persons negotiating for the Authority: Michael Cohen, Jack Sylvan

Persons negotiating with the Authority: Treasure Island Community Development, LLC, United States Navy

Property: Former Naval Station Treasure Island

Under Negotiation:

Price: _____ Terms of payment: _____ Both: X

d. Reconvene in open session (*Action item*)

i. Possible report on action taken in closed session under Agenda Item 13 (Government Code section 54957.1 (a) (1) and San Francisco Administrative Code Section 67.12)

ii. Vote to elect whether to disclose any or all discussions held in closed session (*San Francisco Administrative Code Section 67.12*).

11. Discussion of future agenda items. (Action Item)

12: Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Development Authority Office, 410 Avenue of the Palms, Building 1, Treasure Island, and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

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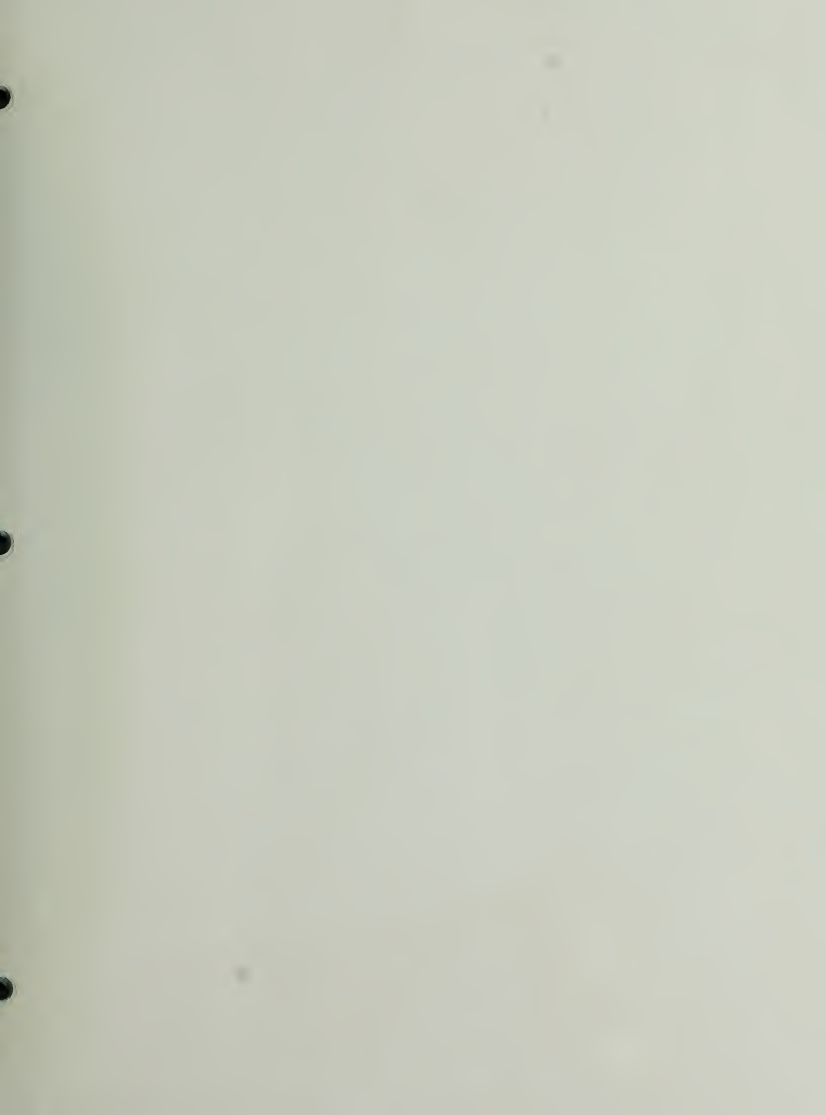
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(Chapter 67 of the San Francisco Administrative Code)

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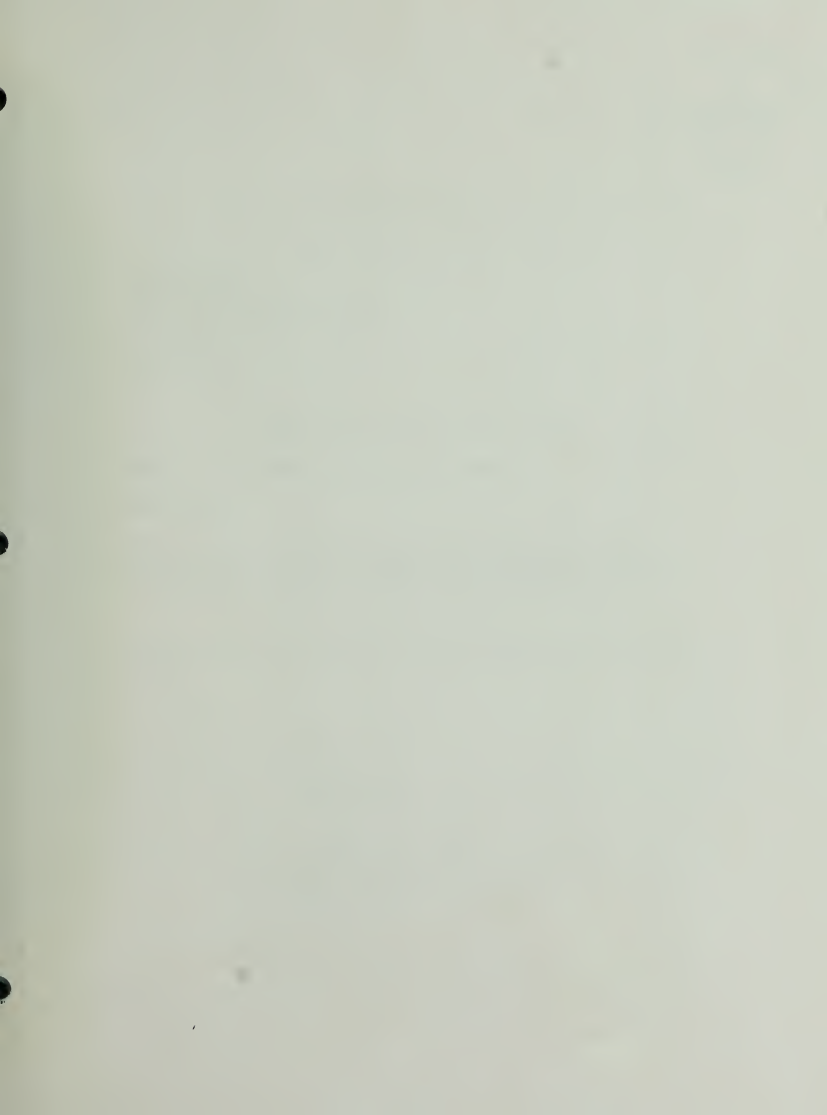








Notes



Notes _____



July 6, 2006

Ms. Joanne Sakai
Interim Executive Director
Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
SF., CA 94130

SENT VIA FACSIMILE TO (415) 274-0299

Reference: Treasure Island Crime Statistics – June 2006

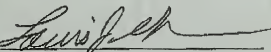
Dear Ms. Sakai:

There were twenty-seven incident reports filed with the San Francisco Police Department about occurrences on Treasure Island and Yerba Buena Island during the month of June 2006. Please see Attachment A for specific information.

Please Contact me at (415) 553-9154 or at Denis.O'Leary@sfgov.org if you have any questions.

Sincerely,

Denis F. O'Leary
Captain – Southern Station

By: 


Officer Louis Glaser
Southern Station
(415) 553-7959

ATTACHMENT A			TYPE	COMMENTS	CASE NUMBER
OCC. DATE	REP. DATE	LOCATION			
6/2/2006	6/2/2006	T.I. Main Gate	Recovered Vehicle	unfounded	60583096
6/5/2006	6/5/2006	400 blk H St.	Trespassing	1 cited	60595289
Unknown	6/7/2006	400 blk Av D	Theft From Building		60603218
6/7/2006	6/7/2006	13th & Galeview	Recovered Vehicle	unfounded	60605797
6/7/2006	6/8/2006	Nimitz Ln	Recovered Vehicle		60606795
6/7/2006	6/8/2006	300 blk California Av	Theft From Locked Vehicle	Attempted Stolen Vehicle	60606773
6/8/2006	6/8/2006	1400 blk Chinox Ct	Mental Health Detention		60607646
6/8/2006	6/9/2006	400 blk Av Of Palms	Found Property		60612554
6/10/2006	6/11/2006	1200 blk Mariner Dr	Malicious Mischief	Vandalism to Vehicle	60619061
6/7/2006	6/8/2006	13th & Galeview	Recovered Vehicle		60606808
6/11/2006	6/12/2006	1200 blk Galeview Ct	Recovered Vehicle		60621016
Unknown	6/12/2006	1200 blk Exposition Dr.	Vandalism to Property		60623084
6/14/2006	6/14/2006	Address Withheld	Terrorist Threats	Domestic Violence	60629355
6/14/2006	6/14/2006	Address Withheld	Battery, Former Spouse		60630396
6/16/2006	6/17/2006	Avenue E	Burglary		60643800
6/17/2006	6/17/2006	Coast Guard YBI	Suspicious Occurrence		60644604
6/16/2006	6/20/2006	300 blk Avenue C	Manjuana Offense		60653796
6/17/2006	6/20/2006	1100 blk Reeves Ct.	Missing Adult		60654039
6/1-6/18/06	6/21/2006	400 blk Avenue of the Palms	Burglary		60657293
6/16/2006	6/21/2006	Building 3	Malicious Mischief	Vandalism to Property	60658592
6/24/2006	6/24/2006	1200 blk Mariner Dr	Battery	1 cited	60670875
6/25/2006	6/25/2006	1400 blk Halibit Ct.	Violation of Stay Away Order	Non-DIV Related	60672558
6/26/2006	6/26/2006	Address Withheld	Mental Health Detention	1 Detained	60676776
6/27/2006	6/27/2006	1400 blk Striped Bass St.	Burglary	suspect unk	60682400
6/16-6/24/06	6/27/2006	800 blk Avenue M	Burglary	Warehouse	60679667
6/21/2006	6/21/2006	1300 bk Westside	Trespassing	1 cited	60680825
6/29/2006	6/29/2006	1300 blk Galeview Av	Suspicious Occurrence		60690986

Part 1 Crimes June 2006

ARSON
 Assault
 Burglary
 Homicide

2 Total



Peter
Summerville/TIDA/SFGOV
06/15/2006 01:07 PM

To TIDA Board of Directors
cc Eileen Malley/CTYATT@CTYATT
bcc
Subject Fw: Self-Study Option - 2006 Sunshine & Ethics Training

TIDA Directors,

For any of you who were unable to attend the yearly Sunshine and Ethics Training session on March 27th, below is information from the City Attorney about the web-based self-study option available to fulfill your training obligation. Please note training must be completed by December 31, 2006. Should you have any questions, please contact me.

Peter

Peter Summerville
Treasure Island Development Authority
410 Avenue of Palms, Building 1
San Francisco, CA 94130
415-274-0665
415-274-0299 - fax
Peter.Summerville@sfgov.org
<http://www.sfgov.org/treasureisland>
----- Forwarded by Peter Summerville/TIDA/SFGOV on 06/15/2006 01:09 PM -----



Laurel
Turner/CTYATT@CTYATT
06/15/2006 11:12 AM

To
cc CTYATT-ALL DEPUTY ATTORNEY ONLY
Subject Self-Study Option - 2006 Sunshine & Ethics Training

We have a new self-study option available on the City Attorney's website for Sunshine & Ethics Training. It allows you to view an on-line version of the March 27th training and requires that you complete a self-study test, which is also available on the City Attorney's website. You will satisfy the training requirements set forth by the Sunshine Ordinance and AB 1234 by viewing the video in its entirety and completing the self-study test.

To access this self-study option, use the link below to go to the City Attorney's website. Click on the link entitled "Rules of Conduct for Public Officials 2006" near the top of the page. This will allow you to view the full training as a Windows Media streaming video. The test, complete with test answers, is also on the website, along with the Certificate of Completion that you must execute and send to the S. F. Ethics Commission, 30 Van Ness Ave., Suite 3900, San Francisco, CA 94102.

Please be aware that the Sunshine Ordinance and AB 1234 require that you complete this training by December 31, 2006.

Thank you.

http://www.sfgov.org/site/cityattorney_index.asp

Laurel Turner
Executive Aide

San Francisco City Attorney's Office
City Hall, Room 234
San Francisco, CA 94102
(415) 554-4727
(415) 554-4747 FAX



Fax Cover Sheet

To: Ms. Claudine Cheng

Fax: 415-274-0299

From: Stewart Ramsay, VP

Tel: 415-973-3464

Fax:

Date: 7/20/06

Pages including this cover page: 3





**Pacific Gas and
Electric Company**

Stewart Ramsay
Vice President
Asset Management &
Electric Transmission

Mailing Address:
Pacific Gas and Electric Company
Mail Code 832
P. O. Box 770000
San Francisco, CA 94177-0000

Overnight Mail:
Pacific Gas and Electric Company
77 Beale Street, 32nd Floor
San Francisco, CA 94105-1614

415.973.3464
Fax: 415.973.9485

July 21, 2006

The Honorable Jon Rubin, Chair
Metropolitan Transit Commission
Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607

Dear Chairman Rubin:

As you prepare to meet next week to discuss proposals to enhance the electric power delivery capability for Treasure Island, I thought it important to share with you PG&E's absolute commitment to ensuring the Bay Bridge Retrofit Project proceeds without delay.

PG&E is willing to back that commitment up, with concrete proposals to ensure our involvement in this project will be helpful, constructive, and result in absolutely no delay to the important work at hand.

Over the past two weeks, we have been able to learn more about the proposal by the Treasure Island Development Authority and the San Francisco Public Utilities Commission, to CalTrans, to finance a second power line to Treasure Island. As a result of this research, we have been able to conclude that PG&E could step into the existing proposal with no substantive change to the proposal, and thereby avoid any delay. The change would be that instead of borrowing CalTrans or tollpayer dollars, PG&E would provide the funding for the second power cable, and so avoid the need to put public funding at risk.

In particular, a detailed draft Cooperative Utility Agreement has been negotiated between the California Department of Transportation and the Treasure Island Development Authority (TIDA) addressing the scope of work to be done, cable design, inspections, how to handle any cost overruns, and contractor oversight. PG&E is willing to accept these terms unchanged. Instead of Caltrans receiving payment by TIDA between 2009 and 2012 if it has money, PG&E would make payments for this work before it is incurred.



Only minor changes to that agreement are needed, and they could be resolved quickly. Instead of deeding the second line to TIDA, and preventing it from being used until it is paid for, the line would be deeded to PG&E. The first line would continue to be deeded to the Navy. Both lines would start and end at exactly the same locations as currently planned, and we would address later any further work needed related to these lines.

Similarly, Caltrans has been negotiating with the Navy and TIDA concerning an existing August 2005 Agreement between the Navy, the California Department of Transportation, and the Federal Highway Administration, since the double cable here is to be sized differently than the single cable described in the August Agreement. Caltrans proposes to address this issue through a draft agreement between it, TIDA, and the Navy, which provides that Navy consents to the installation of the Upgrade Cables, provided that the installation shall be at no cost to the Navy. PG&E is happy to step into any obligations of TIDA in that agreement.

As I hope we have communicated clearly to you, our intention is to provide electric service to Treasure Island; Not only do we have the obligation to serve under state law and regulation, and the right to serve under our franchise agreement, but we very much want to be a part of Treasure Island's successful and landmark redevelopment.

Thank you for taking the time to consider the benefits of PG&E's proposal, and how we can help accomplish the shared goals, without putting tollpayers' dollars at risk.

If you, your colleagues, or your staff, have any further questions, please feel free to call me, at 415-973-3464 or Travis Kiyota at 415-973-4910. Thank you for your consideration

Sincerely,

Stewart Ramsay
Vice President of Asset Management and Electric Transmission

cc: Members, Metropolitan Transit Commission
Steve Heminger, Executive Director, Bay Area Toll Authority
Claudine Cheng, President, TIDA Board of Directors
Will Kempton, Director, CalTrans
Susan Leal, General Manager, SFPUC



TREASURE ISLAND SAILING CENTER
Launching Point for New Horizons

June 25th, 2006

Commissioners of the Treasure Island Development Authority
City Hall, Room 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Commissioners of the Treasure Island Development Authority,

On behalf of the Board of Directors of the Treasure Island Sailing Center, I am writing in support of extending the timeline for presentation of the term sheet to the CAB, TIDA Board and Board of Supervisors to allow for proper public review of the project plans.

Throughout the duration of our relationship with Treasure Island Development Authority and TIDC, I feel that there has been significant progress on the development plans for Treasure Island, especially over the past 9 months. I can also report that TIDC has worked in good faith with a range of stakeholders via an extensive public process making numerous modifications at the request of the public with the purpose of having a plan that accommodates the majority of our community. In light of the response of TIDC to comments and feedback, the project has received overwhelming public support. The current proposed project provides tremendous public benefits including affordable housing, parks and open space, new infrastructure, model sustainability, jobs, and last but not least, a home for continued presence by the Treasure Island Sailing Center so we can provide access to sailing on the bay for every child in our community.

Please consider extending the timeline for presentation of the term sheet so we can continue on this positive track. I am confident that it will yield the best possible plan for our community. Please feel free to contact me if you have any questions.

Sincerely,

Carisa Harris
President, Treasure Island Sailing Center
415.640.0563
Carisa.harris@tisailing.org
<http://www.tisailing.org>

698 1st Street Bldg 112
Treasure Island
San Francisco, Ca 94130
ph.415.421.2225 fax.415.421.2208
www.tisailing.org

AIA San Francisco

A Chapter of the American Institute of Architects



Claudine Cheng, President
Treasure Island Development Authority
410 Avenue of the Palms, Building One, 2nd Floor
San Francisco, CA. 94130



Re: Treasure Island Exclusive Negotiations Agreement

June 30, 2006

Dear Ms. Cheng,

In April 2006, AIA San Francisco awarded the architectural firms of SOM and SMWM, on behalf of Treasure Island Community Development, LLC (TICD) an urban design merit award for the revised Treasure Island 2005 Development Plan. The jury's comments cited "the bold moves to set the framework for the redevelopment of Treasure Island". Specific recognition was given to the design's compact, transit oriented residential communities, with their commitment to sustainable design.

It has been brought to our attention that the exclusive negotiation transfer agreement between TICD and TIDA is about to expire and that TICD has requested an extension. This extension is important to allow for the financial and programmatic analysis for the revised plan to be completed.

The development plan is a work in progress that will ultimately provide the platform for an exciting addition to San Francisco's future. AIA San Francisco's Board of Directors requests that you and your fellow commissioners grant this extension, to allow for the plan to come to fruition.

Sincerely,

A handwritten signature in black ink, reading 'Anne Laird-Blanton' with '(mo)' written below it.

Anne Laird-Blanton, AIA
President, AIA San Francisco

cc: Jack Sylvan, Office of the Mayor (via fax: 554-6018)
Jay Wallace, TICD

Arc Ecology

4634 Third Street ♦ San Francisco, California 94124

phone: 415 643 1190 ♦ fax: 415 643 1142 ♦ e-mail: evebach@arcecolgy.org



June 21, 2006

Ms. Claudine Cheng, Chair and
Members of the Treasure Island Development Authority
Treasure Island Development Authority
410 Palm Avenue, Building 1, 2nd Floor
San Francisco, CA 94130

Subject: SCHEDULE FOR TREASURE ISLAND TERM SHEET

As you know, the schedule for approval of the Term Sheet that is part of your Exclusive Negotiating Agreement with Treasure Island Community Development (TICD) is not achievable. I am certain you agree with me that a slipped schedule is preferable by far to a rushed approval process that would sacrifice the ability of the public and decision-makers to review and modify the document.

Approval of the Term Sheet is a critical milestone in the transformation of Treasure Island (including Yerba Buena Island). Many of us share an appreciation for the complexity of issues that the Term Sheet must address. In the absence of guidance by the General Plan or a redevelopment plan, the Term Sheet will be the detailed policy statement that defines expectations of TIDA, the Board of Supervisors, and TICD. The Term Sheet has the task of ensuring that this large tract of public land, to be developed with a combination of public and private capital, promotes the values of the people of San Francisco. An acceptable project must reconcile the physical and institutional constraints of the site, the City's priorities for social, environmental, and economic sustainability, and financial feasibility.

TIDA and TICD have made admirable progress towards these ends. The land use plan now concentrates development, making possible an expansion of open space (including the stormwater treatment wetland) and transit opportunities. A transportation plan has been proposed that is a good beginning in taking advantage of these opportunities. The development will provide desperately needed housing for people with extremely low incomes

Nonetheless, issues at the Term Sheet level of specificity remain to be worked out; for example, MUNI's role as a transit provider, parking, Bridge access for transit, financing of transit, and ensuring that residents represent a continuum of incomes in addition to the extremes of low and high.

So far components of the Treasure Island redevelopment program have been presented singly. The Term Sheet will be the first opportunity you, the Citizens Advisory Board, the Supervisors, and the public have to evaluate how the pieces fit together. It is important that a revised schedule for approval of the Term Sheet provide adequate time for stakeholders to understand complex issues, recommend modifications if desired, and review an amended document.

In my view, setting another specific date is not the best way to ensure time for the necessary public review and integration of changes. It is preferable to mandate opportunities that must be provided for review and comment. An example of such a review schedule is suggested below:

- Release of the Draft Term Sheet (posted on the web, hard copies to CAB and TIDA Board and members of the public who request it, at least 10 days prior to first review meeting);
- Circulation for review and comment by relevant agencies, including Planning Department, Muni, SF PUC, Department of the Environment, Department of Public Works, Regional Water Quality Control Board;
- Review by CAB subcommittees and submittal of recommendations to full CAB;
- CAB action on recommendations; and submittal to TIDA Board;
- Review and comment by TIDA Board-
- Report of TIDA recommendations (or relevant portion of meeting minutes) submitted to Land Use Committee
- Review and comment by Board of Supervisors Land Use Committee, with report to the Planning Commission and full Board of Supervisors
- Revision of Draft Term Sheet by Staff, based on comments received
- Release of revised Draft Term Sheet (10 days prior to first review meeting)
- Review by CAB subcommittees and CAB, with report to TIDA
- Review by TIDA with report to Land Use Committee
- Review by Board of Supervisors Land Use Committee with report to the full Board
- Release of final Draft Term Sheet (10 days prior to TIDA action)
- Action by TIDA
- Action by Board of Supervisors

I look forward to uninterrupted forward movement of this project. Although it might appear that the redevelopment process is taking too long, those of us who have been following the process closely believe that the public is better served by a process committed to getting it right than meeting an arbitrary deadline.

Yours truly,



Eve Bach
Staff Economist/Urban Planner

Cc : Joanne Sakai
Michael Cohen
Jack Sylvan
Board of Supervisors
Treasure Island Citizens Advisory Board
Jay Wallace
Kofi Bonner
Ruth Gravanis

San Francisco Little League
2521 Judah Street
San Francisco, California 94122

June 22, 2006



VIA FACSIMILE (415) 274-0299

Ms. Claudine Cheng and Fellow Commissioners
Treasure Island Development Authority
410 Avenue of the Palms, Building One, 2nd Floor
San Francisco, California 94130

Re: Treasure Island - Exclusive Negotiations Agreement

Dear President Cheng and Fellow Commissioners:

Please be advised that San Francisco Little League (SFLL) supports the request of Treasure Island Community Development, LLC (TICD) to extend the period for exclusive negotiations regarding the future redevelopment of Treasure Island. TICD has established a positive working relationship with SFLL and the other stakeholders in the redevelopment process. In the preparation of its redevelopment plan, TICD has been attentive to the needs and desires of the various constituents of the Treasure Island community, including SFLL, and we believe they have done a good job of developing a plan that will serve as an excellent guide for the future of Treasure Island.

We understand that the current timeline regarding the exclusive negotiations process calls for presentation of TICD's term sheet by the end of the month and that TICD has requested an extension of that timeline. Given the effort that has been put in to date by TICD, SFLL is supportive of TICD's request to extend that timeline as may reasonably be necessary in order to finalize the term sheet for the redevelopment project that TICD is proposing for Treasure Island.

Very truly yours,

David H. Kremer
SFLL Field Development

cc: Jack Sylvan/Mayor's Office (via fax 415-554-6018)
Jim Ketcham, SFLL President
Jay Wallace, TICD

San Francisco Building and

150 EXECUTIVE PARK BLVD. • SUITE 4700
SAN FRANCISCO, CA 94134-3309
EMAIL: mike@sfbctc.org



Construction Trades Council

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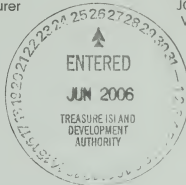
LARRY MAZZOLA
President

MICHAEL THERIAULT
Secretary - Treasurer

WILLIAM "BILL" WONG
JOHN O'ROURKE
Vice Presidents

June 22, 2006

Ms. Claudine Cheng
and Fellow Commissioners
Treasure Island Development Authority
410 Avenue of the Palms, Building 1
Treasure Island
San Francisco, CA 94130
(415) 274-0299 FAX



Dear President Cheng and Fellow Commissioners:

Treasure Island Community Development, LLC ("TICD") has been working in good faith with the leadership of the San Francisco Building and Construction Trades Council for several years on its plans for the redevelopment of Treasure Island. We have met with TICD, they have heard our concerns, and we have a clear understanding of the project. The plan that TICD has described to us provides jobs, affordable housing, economic development and community support at undeniable and important levels.

I am aware that the current timeline for the public process involves presentation of TICD's term sheet to the Treasure Island Development Authority by June 30th. I am aware also of the extensive work that TICD has performed over the last nine months in preparing that document. On behalf of the tens of thousands of working men and women represented by this Council and of their families I ask you, your fellow Commissioners, and the Board of Supervisors to extend the timeline for completion of the term sheet so that TICD can continue to move forward to produce a project that will benefit us and the entire city.

Respectfully yours,

Michael Thériault

cc: Jack Sylvan/Mayor's Office
(415) 554-6018 FAX



Treasure Island Wetlands Project

74 Mizpah Street
San Francisco, CA 94131
(415) 585-5304



June 23, 2006

Honorable Claudine Cheng, Chair
Treasure Island Development Authority
410 Palm Avenue
Treasure Island
San Francisco, CA 94130

Re: Extension of June 30th Term Sheet deadline

Dear Ms. Cheng:

As we all realize, the June 30th Term Sheet deadline indicated in the extension of the Exclusive Negotiating Agreement between TIDA and TICD will not be met. I support an extension of the Term Sheet deadline provided that a new time line is developed that specifies opportunities for informed public input and for revisions based on that input.

Since last November, the project has made significant and laudable strides in the direction of environmental sustainability and public benefit. I believe that TIDA, TICD and the Mayor's Office of Base Reuse will continue to negotiate in good faith to achieve additional improvements. But there are still a number of challenges that need to be resolved through further public discussion and more thorough review by relevant public agencies.

One example is the timing of the construction of the widely acclaimed stormwater treatment wetlands, currently proposed to be deferred until the final phase of development. Before the TIDA Board members are asked to endorse the Phasing Plan, they should have access to comments made by the Regional Water Quality Control Board's stormwater management experts and by the SF PUC's Technical Advisory Committee. Also, before being asked to accept the contention that creating tidal wetlands would be infeasible, the TIDA Board should know the response of engineers who have created muted tidal wetlands in similar rock-wall situations.

There are many reasons why the June 30th milestone cannot be met, and I cannot see how extending the deadline will cause any harm. It would not be in the public's interest to change direction at this point and thereby risk losing the valuable work that has been done. I urge the TIDA Board to grant an extension of the Term Sheet deadline as part of an agreement that provides for thoughtful

review and comment by the public and relevant agencies. It is important to know how the revised content of all of the Term Sheet Elements, whether folded into the Term Sheet document itself or included as attachments, will be internally consistent. It is especially important that all the elements are consistent with the revised Draft Sustainability Plan. Because the Term Sheet will guide the continuing negotiations that will lead to the final development documents, it is essential that we "get it right." I urge you to adopt a timeline for its development and endorsement that moves the project forward expeditiously while incorporating an exemplary public participation process.

Sincerely,



Ruth Gravanis,
Director

copies to:

Joanne Sakai
Michael Cohen
Aaron Peskin
Sophie Maxwell
Jay Wallace

TIHDI

Treasure Island Homeless Development Initiative

June 26, 2006

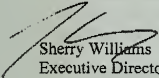
Claudine Cheng, President
Treasure Island Development Authority
410 Palm Ave., Bldg. 1
San Francisco, CA 94130

Dear President Cheng:

We are writing to express our support for the continuation of the Exclusive Negotiating Agreement (ENA) between TIDA and Treasure Island Community Development (TICD). As you know, we have been working for years to create a new San Francisco neighborhood that includes people from all socio economic backgrounds. To everyone's credit, both the current usages on Treasure Island and the plans for the future honor the intent of homeless assistance plan approved by the SF Board of Supervisors and HUD in 1996. There has been a tremendous amount of work towards the completion of the components of the term sheet with TICD but as you know it is not yet completed and still needs to be heard at the Board of Supervisors.

TICD has shown to be a responsive development team and there are many exciting elements of the plan such as expanded affordable housing and employment opportunities. We sincerely hope that the TIDA Board will extend the ENA so that some real opportunities to exit homelessness and/or poverty may come to fruition sooner rather than later.

Sincerely,



Sherry Williams
Executive Director

LETTER

TO THE EDITOR

OF THE JOURNAL

OF THE AMERICAN MEDICAL ASSOCIATION

CHICAGO, ILL., MAY 1, 1917

SIR:

I have the honor to acknowledge the receipt of your letter of the 28th inst.

concerning the matter of the proposed amendment to the

constitution of the American Medical Association.

I am sorry that I am unable to give you a more definite answer at this time.

The matter is being considered by the Council and the Executive Committee.

I am, Sir, very respectfully,
Yours truly,
J. H. H. H.

JOHN H. H. H.

President of the American Medical Association

Chicago, Ill.

Enclosed for you are the following documents:

1. A copy of the proposed amendment to the constitution.

2. A copy of the report of the Council on the proposed amendment.

3. A copy of the report of the Executive Committee on the proposed amendment.

4. A copy of the report of the Committee on the proposed amendment.

5. A copy of the report of the Committee on the proposed amendment.

6. A copy of the report of the Committee on the proposed amendment.

7. A copy of the report of the Committee on the proposed amendment.

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18. A copy of the report of the Committee on the proposed amendment.

19. A copy of the report of the Committee on the proposed amendment.

20. A copy of the report of the Committee on the proposed amendment.



995 Market Street Suite 1550
San Francisco, CA 94103

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415.431.2468 fax
www.sfbike.org

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Ms. Claudine Cheng, President
Treasure Island Development Authority
410 Avenue of the Palms, Building 1
Treasure Island
San Francisco, CA 94130

Dear President Cheng and Fellow Commissioners:

On behalf of the 5,800 members of the San Francisco Bicycle Coalition (SFBC) I'm writing to urge you to extend the Exclusive Negotiations Agreement timeline for Treasure Island Community Development, LLC (TICD). As you may know, the SFBC is a grassroots organization committed to transforming San Francisco's streets and neighborhoods into more livable and safe places by promoting the bicycle for everyday transportation.

As participants in the planning process for Treasure Island, we are encouraged to see the plans proposed by TICD shaping this new neighborhood into one that supports walking and biking as standard transportation options for all of its residents and visitors. In particular TICD has listened to our concerns regarding how best to incorporate bicycle routes and rights-of-way into the plan, they have embraced the bike as a part of their transportation plans, and are supporting the SFBC's efforts to find funding for a bike/pedestrian lane on the western span of the Bay Bridge.

Additionally, the plan that TICD has put forward provides important public benefits in terms of sustainable building and planning practices, job creation, affordable housing, economic development and community support benefits. It has already received the support of other groups who share many of our interests, including most recently endorsement from SPUR.

TICD has put forth tremendous effort and public participation over the last year or so in preparing its planning documentation. They have included the SFBC in those efforts and have listened to our concerns. On behalf of the SFBC, I urge you, your fellow TIDA Commissioners, and the full Board of Supervisors to extend the timeline for completion of the term sheet so that this important project can finally come to fruition.

Sincerely,

A handwritten signature in dark ink, appearing to read "APV" followed by a large, stylized flourish.

Andy Thornley
Program Director

CC: Jack Sylvan, Mayor's Office

Karen Knowles-Pearce
576 14th Street
San Francisco, CA 94103



20-June-2006

Ms. Claudine Cheng
Chair, Treasure Island Development Authority
410 Avenue of the Palms, Building 1
Treasure Island
San Francisco, CA 94130

Dear Claudine:

As chair of the Treasure Island/Yerba Buena Island Citizens' Advisory Board, I wanted to write you before the Board of Supervisors' Budget meeting next week to be sure you know that you have my full support for any extension which may be necessary for TICD to enable them to finalize their elements for the Term Sheet.

We all have made such amazing progress over the past nine months, working – *as we always do* – through an extensive public process. The revised project has received overwhelming public support and provides significant public benefits in the form of affordable housing, parks and open space, new infrastructure, model sustainability, jobs, etc.

We (the CAB) have worked extremely hard, for over seven years now, to make sure the proposed plans benefit the public at large, and are as sustainable as possible. TICD *listened to us*, and last year added more people to their group – people who looked at the plans with fresh eyes – and significantly revised the plan. And, as they revised it, they obviously took seriously the suggestions of the CAB and other members of the public.

As a reminder, when the RFQ was issued in 1999-2000, there were only two groups who responded and one group was obviously **not** qualified. There was great discussion at the time about having only one group in the final running, however, one group was eminently *qualified*. That group was TICD and they were the ones selected. I have been extremely satisfied with their work and their responsiveness.

The members of CAB and members of the public previously discussed the potential for an extension to the June 30 deadline to allow adequate time for review and comment on the plans, so we understood that the deadline could change. Everyone working on the redevelopment of Treasure Island & Yerba Buena Island has devoted so much time and effort throughout this entire process, to change anything at this point in time would, in my opinion, make no sense at all.

I fully support extending the timeline for presentation of the term sheet to the CAB, the TIDA Board, and the Board of Supervisors to allow for proper public review of the project plans.

Kind Regards,

Karen Knowles-Pearce
Chair, TI/YBI CAB

Cc: Jack Sylvan, Mayor's Office of Base Reuse





SPUR

SAN FRANCISCO
PLANNING + URBAN RESEARCH
ASSOCIATION



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Howard Wong
Paul Zeger

July 11, 2006

Claudine Cheng, President
Treasure Island Development Authority
410 Avenue of the Palms, Building One, 2nd Floor
San Francisco, CA 94130

Dear Ms. Cheng:

I am writing to express SPUR's support for the extension of the deadline for completion of the Development Plan and Term Sheet for Treasure Island.

SPUR, the San Francisco Planning and Urban Research Association, has thoroughly reviewed the various planning documents and the overall concept for the Island. In June the SPUR Board of Directors voted to formally endorse the plan concept as developed so far. This letter contains our analysis and recommendations.

OVERVIEW

The former Naval Station Treasure Island (consisting of the greater part of Treasure and Yerba Buena islands) is destined to become the site of San Francisco's newest and greenest neighborhood. After many years of public planning (over 150 public meetings have taken place) and negotiating sessions with the City, the development team, Treasure Island Community Development, LLC (TICD), comprised of Lennar, Kenwood Investments and Wilson Meany Sullivan, has issued a new development concept. Presented to the Treasure Island Development Authority (TIDA) in December, the new draft land use plan encompasses many of the elements that SPUR has been advocating. The density has increased substantially to promote a more sustainable development, there are now tall buildings to create that density, the ferry terminal and transit hub has moved to the west side to enhance transit use, and the plan now includes many sustainable elements. While SPUR may have wished for a car-less and completely energy self-sufficient solution, the current proposal goes a long way in this direction and deserves SPUR's support.

TICD is in the process of revising previously issued draft plans on subjects including transportation, affordable housing, phasing, infrastructure, sustainability, community services and more, and these will be folded into a "Development Plan" that will serve as a term sheet to guide the next year and a half to two years of negotiations leading up to the Redevelopment Plan, Disposition and Development Agreement and General Plan Amendments, all of which will be the subject of additional public meetings and approvals by the Board of Supervisors. As a first step, the term sheet is expected to be endorsed by the TIDA Board and the Board of Supervisors this summer.

THE DRAFT PLAN

Clustered around a new ferry terminal on the west side of Treasure Island is a dense development of high-rise residential buildings and a commercial center of approximately 235,000 square feet. Within a ten-minute walk of the new ferry terminal and transit hub are small neighborhoods of mixed housing types and mid-rise buildings, sheltered from the wind by streets that are angled to provide wind breaks.

The rest of the island includes parks, open space and public places comprising approximately 330 acres with recreational facilities, a great park, a working farm to grow produce, and a variety of hiking, biking and walking paths that connect the Islands' neighborhoods and connect them to the Bay. The existing administration building (the former airline terminal), historic hangars, TI Sailing Center and the federal Job Corps are all retained. Yerba Buena Island will receive approximately 250 units of replacement housing and extensive developed open space. The historic admirals mansions and most of the natural and naturalistic landscape will remain. There will be several hotels, primarily on TI, with a total of approximately 450 rooms and a marina with 400 boat slips.

HOUSING

The current plan calls for approximately 5,500 new housing units (up from 2,800) for a total of approximately 12,000 persons, consisting of town houses, mid-rise apartment buildings and high-rise towers. 30 percent of the new units will be affordable homes for very low, low and moderate income residents. The Treasure Island Homeless Development Initiative (TIHDI) will be retained. Additional affordable housing opportunities will be provided by TIDA and as inclusionary homes. Approximately 55% of the units will be in low-rise structures, 30 percent in mid-rise buildings and 15 percent in high-rise. Parking, at a one-to-one ratio, will be purchased or rented separately from the housing units, and some will be physically detached from the housing.

COMMERCIAL

There will be abundant new retail and commercial experiences on TI, located around the new ferry terminal and transit hub, extending to the marina and Clipper Cove, serving the neighborhood and resident population and the regional and visitor populations that are expected to come to TI. Opportunities for additional retail and commercial uses may also occur in the hangars and/or the mixed-use buildings. Visitor serving retail and commercial activities are planned focusing on food and beverage, recreational and outdoor experiences, environmental tourism featuring the parks, sustainability measures and open space programming.

The projected residential population of approximately 12,500 residents people will be served by the shopping and retail opportunities on the Island scaled to support that residential population. The visitor experience will be served by the regional retail experiences and the other commercial enterprises on the Islands.

URBAN DESIGN

SPUR has been advocating the use of tall buildings both to make a visible impact on the views of the island and to give residents really spectacular views from the island. The new plan does this and creates the sense of a very special place. The clustering of the buildings around the ferry terminal and transit hub will also give a density that supports public transit and that makes it a very urban place and not a suburb. There also is a thoughtful design of pedestrian walks and paths which will further the goal of discouraging the use of cars. Given the quality of the architecture and landscaping proposed, TI will attract visitors who will help support the commercial and recreation developments.

SUSTAINABILITY

The major elements consist of photovoltaic panels generating electricity on buildings, a sewage treatment plant that produces recycled water for landscape watering, the possibility of windmills, energy- and resource-conserving construction, a storm water management system that includes

constructed wetlands and bio-swales, water conservation through climate-appropriate landscaping, protection and restoration of naturally occurring habitats on YBI, integrated pest management, deconstruction as opposed to demolition, recycling and composting programs, and more. It is expected that the project will earn a LEED (Leadership in Energy and Environmental Design) rating of at least silver.

INFRASTRUCTURE

Unlike the naturally occurring Yerba Buena Island, Treasure Island was created out of sand and mud dredged up out of the Bay. It will require extensive seismic upgrades as part of the development program. The shoreline will be stabilized to prevent lateral spreading and deep-seated rotational failure, and all buildings will be constructed on piles or concrete mat slabs. All of the required infrastructure systems, including new sewage and stormwater systems, gas and electrical distribution lines, telecommunications and internet based systems, will be rebuilt. The sewage and stormwater will be treated on the island but water, gas and electricity will be piped in as it is now. There will be all new roads, sidewalks and path systems constructed. All of the costs of the infrastructure will be paid for through the project by a combination of developer equity, private financing supported by the developer equity and tax increment financing generated by the project. There will be no new general fund investment in building or maintaining the infrastructure.

TRANSPORTATION

Because of the obvious problems associated with the Bay Bridge access, the development proposes a mode split of new ferry service, increased bus service, a local shuttle service, new on- and off- ramps (by Cal Trans), bicycle improvements and a proposed congestion management plan of charging residents for access and egress from the bridge at critical hours. The key to reducing the use of cars is met both by reducing parking (and charging for parking so that its true cost is borne by the user) and in discouraging the use of the cars by making other transit modes more desirable and cost-effective. Bicycle paths on the Islands will connect to the new bike path on the eastern span of the Bay Bridge and be designed to accept connections to the west span if a bicycle lane were ever to be built by Caltrans.

PHASING

The proposal is to build out the neighborhood over approximately 15 years, 2 more years of planning and entitlements, 2 to 3 years of infrastructure development and then 3 phases of 3 to 4 years each for project build out. While this is a reasonable approach for a development and construction phasing standpoint, it may require significant project based subsidies mainly in the early years. Again, however, TICD and TIDA have developed a plan that provides for no new General Fund costs. This is accomplished through the Financing Plan described below.

FINANCING

The March '06 Draft Fiscal Impacts Analysis lists five guiding principles:

1. Project financing will not rely on the City's General Fund and will be structured to ensure that there is no adverse impact or risk to the General Fund.
2. TIDA will establish a municipal services payment for years in which the costs of public services are projected to exceed tax revenues. These established fees will be a project cost and will be paid from project cash flow on a priority basis before cash flow goes to TICD.

3. Tax-exempt financing district(s), such as a Mello-Roos, will be established, some of the proceeds of which will be used to fund certain services on Treasure Island.
4. The Disposition and Development Agreement will identify reliable funding sources for open space maintenance and subsidies for transportation services and programs.
5. The revenue and expense estimates in this fiscal analysis will be updated for the Disposition and Development Agreement.

The Draft Finance Plan is yet to be released.

ISSUES NEEDING FURTHER STUDY

- The City's role and financial obligations: The developer will be responsible for all construction. The City will be responsible for future maintenance of the public areas. The idea is that costs for maintaining the public areas will be paid by Mello Roos financing, and the municipal services district described above, but the details still need to be worked out..
- The proposed bus service only runs to the edge of the developed area, and assumes that the shuttle service will take people the rest of the way. It may be better to expand the route of the buses to serve the neighborhoods in order to encourage residents to use the buses instead of cars.
- The May Draft Transportation Plan calls for a total of 7,853 parking spaces. Whether this number is appropriate merits further analysis.
- The Phasing Plan puts the stormwater wetlands construction in the very last phase. Getting it built sooner would mean less Bay pollution; earlier phasing should be looked at.

SPUR'S RECOMMENDATION

SPUR recommends approval of the current plan, with the understanding that the issues we have identified as well as other issues be addressed as the negotiations and approval process progresses.

Sincerely,



Gabriel Metcalf
Executive Director

Cc: Jack Sylvan
Mayor's Office



DEPARTMENT OF THE NAVY
BASE REALIGNMENT AND CLOSURE
PROGRAM MANAGEMENT OFFICE WEST
1455 FRAZEE RD, SUITE 900
SAN DIEGO, CA 92106-4310

11011
Ser BPMOW.cwd/0622
18 Jul 2006

Ms. Joanne Sakai
Interim Executive Director
Treasure Island Development Authority
410 Avenue of the Palms, Bldg 1, 2nd Floor
Treasure Island
San Francisco, CA 94130

Dear Ms. Sakai:

The Navy is greatly concerned about the recent increase in theft and vandalism at Treasure Island and would like to work with Treasure Island Development Authority (TIDA) in addressing these security issues. There has been an increase in break-ins to unused buildings. We have seen evidence of vandalism, destruction of property, drug use, and theft of copper wiring from buildings for recycle value. The lack of adequate security at Treasure Island is leading to increased costs for the Navy environmental program. We have recently incurred costs of approximately \$80,000 to replace wires stripped by 'copper miners' and we continue to incur the cost of additional security.

Per the Cooperative Agreement N62474-97-2-0003, TIDA has committed to protecting Navy property and facilities. As specified in Section II Functional Annex 1 of the Cooperative Agreement, TIDA committed to providing security services in addition to law enforcement and was to use funds gained through the leasing program to pay for these services. The following is taken from Modification 13, which was the last modification where functional annexes were attached and is the most current.

"1.A.1.1. Security services for the closed Naval Station (NS) Treasure Island includes management, supervision, and work execution required to protect government property (facilities and personal property) and control access to Navy owned property.

1.A.2.2. The Caretaker shall establish 24-hour security patrols for the former NS Treasure Island to control access and deter unauthorized entry to or removal of Navy-owned property."

The security provided to Navy facilities is proving to be inadequate in its current form and the Navy would like to see an increase in the security provided by TIDA to protect the interests of the Navy, TIDA, and the residents of Treasure Island.

11011
Ser BPMOW.cwd/0622
18 Jul 2006

Our point of contact for this matter is Ms. Patricia McFadden at (415) 743-4720 if you have questions or to coordinate future meetings.



C. W. DEPEW
Grants Administrator

Copy to:

Mr. Marc McDonald
Treasure Island Development Authority
410 Avenue of the Palms, Bldg 1, 2nd Floor
Treasure Island
San Francisco, CA. 94130

Ms. Joanne Sakai
Treasure Island Development Authority
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Mr. Jack Sylvan
Treasure Island Development Authority
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Ms. Patricia McFadden
Navy BRAC PMO West
Caretaker Site Office
410 Avenue of the Palms, Bldg 1, Suite 101
San Francisco, CA 94130-1806



SAN FRANCISCO BOARDSAILING ASSOCIATION

1592 UNION STREET, BOX 301 • SAN FRANCISCO, CALIFORNIA 94123

Claudine Cheng, Chair
Treasure Island Development Authority
410 Avenue of Palms, Building 1, Treasure Island
San Francisco, CA 94130
Via facsimile (415) 274-0299 - fax

July 16, 2006

Re. Exclusive Negotiations Agreement -
Treasure Island Community Development, LLC



Dear President Cheng and Fellow Commissioners,

I am writing on behalf of the San Francisco Boardsailing Association (SFBA) to encourage you to extend the Exclusive Negotiating Agreement with Treasure Island Community Development (TICD). SFBA is a 1,600-member non-profit organization that promotes public access and safety for the boardsailing community which includes windsurfers and kitesurfers.

Jay Wallace of TICD has worked closely with our organization to ensure that public access for windsurfers and kitesurfers will be included in the redevelopment of Treasure Island. Our sports depend on having good access to the shoreline in a limited number of places where the wind conditions, water depth, and shoreline orientation are ideal in terms of both ease of access and safety. The north end of Treasure Island is one of the best spots for launching in the Bay and enjoys consistent winds that often blow even when the winds at the Golden Gate and in Berkeley are marginal.

The conceptual plans submitted by TICD to date provide for access for boardsailing at two prime locations which have been previously identified on the BCDC Plan Maps. TICD has committed to work with SFBA to identify what upland improvements and access ramps should be included in these public access areas. The launching areas identified in the conceptual plan are well situated to serve our community and would satisfy key Draft Reuse Plan goals including:

- Emphasizing marine-related uses and creating areas for water-oriented recreational uses.
- Emphasizing uses that take advantage of Treasure Island's unique position in the center of the San Francisco Bay
- Pursuing uses that will enliven the water's edge and improve public access to the Bay.

TICD has worked well with SFBA in terms of producing a plan that will have public benefit from our perspective and from my attendance at a number of public meetings, it appears that TICD is also working hard to accommodate the public interest in other areas such as affordable housing, traffic/transit, etc. Given that the current negotiations and planning effort seem to be



SAN FRANCISCO BOARDSAILING ASSOCIATION

1592 UNION STREET, BOX 301 • SAN FRANCISCO, CALIFORNIA 94123

working toward a rejuvenated Treasure Island that could be enjoyed and appreciated by most San Franciscans and most Bay Area residents, I would ask that you to extend the Exclusive Negotiating Agreement.

Sincerely,

Peter Thorner
President, San Francisco Boardsailing Association

phone: (415) 451-6099 x 3

e-mail: thorner@sfbfa.org

Please send written responses to : Peter Thorner
143 Third Street
San Rafael, CA 94901

Cc: Jack Sylvan/ Mayor's Office of Base Reuse and Real Estate Development
Via facsimile (415) 554-6018 - fax

Notes

Notes

Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Retroactive authorization for the Executive Director to execute the agreement with Toolworks, Inc. to provide janitorial and building maintenance services for a term commencing on July 1, 2006, and expiring on June 30, 2007, for an amount not to exceed \$130,000

Agenda Item No. 8B

Meeting of July 26, 2006

(Consent Item).

Contact Marc McDonald

Phone: 274-0660

BACKGROUND

Toolworks, Inc. ("Toolworks"), a California nonprofit public benefit corporation and a member organization of the Treasure Island Homeless Development Initiative (TIHDI), is a non-profit agency organized to provide services that increase economic opportunities for economically-disadvantaged people with disabilities. Most of Toolworks' clients are homeless. Clients are recruited through the TIHDI Job Broker Program and through the Homeless Employment Collaborative. One of Toolworks' programs is contractual janitorial services. Janitorial and other building maintenance services are identified in the draft Homeless Component of the Treasure Island Reuse Plan as one of the economic development opportunities available to assist homeless and other economically disadvantaged San Franciscans. In addition, through Toolworks' business ventures, ongoing employment opportunities have been created for Island residents. The Authority's Purchasing Policy and Procedures authorize non-competitive negotiations for contracts that are in furtherance of the Homeless Assistance Agreement between the Authority and TIHDI including any TIHDI member organizations for contracts for economic development opportunities identified in the Reuse Plan.

Toolworks has developed a specific training program for Treasure Island. Toolworks has one fulltime supervisor dedicated to Treasure Island. This person trains and supervises the work of four trainees who work five hours a day, five days a week for 10 weeks. The trainees are then helped to find fulltime janitorial jobs. Toolworks gives priority placement in this program to Treasure Island residents. In addition, Toolworks commits trained staff to provide janitorial services to event venues.

Janitorial services are required for the Treasure Island Project offices and the special event venues. Since the event venues often are booked for both Saturdays and Sundays, janitorial services are needed seven days a week. The proposed contract with Toolworks provides janitorial services seven days a week for an amount not to exceed \$8,750 per month or \$105,000 for the period from July 1, 2006 through June 30, 2007. The contract also provides for \$25,000

in additional janitorial services, including (at the request of the Authority and subject to negotiation) assistance with special event support during the same term.

RECOMMENDATION

Staff recommends approval of the contract for janitorial services with Toolworks from July 1, 2006 through June 30, 2007 for an amount not to exceed \$130,000.

EXHIBITS

A Agreement with Toolworks, Inc.

1 [Toolworks Contract]

2 RETROACTIVE AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE THE
3 AGREEMENT WITH TOOLWORKS, INC. TO PROVIDE JANITORIAL AND BUILDING
4 MAINTENANCE SERVICES FOR A TERM COMMENCING ON JULY 1, 2006 AND
5 EXPIRING ON JUNE 30, 2007 FOR AN AMOUNT NOT TO EXCEED \$130,000.
6
7

8 **WHEREAS**, Naval Station Treasure Island is a military base located on Treasure
9 Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United
10 States of America ("the Federal Government"); and,

11 **WHEREAS**, The Base was selected for closure and disposition by the Base
12 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
13 subsequent amendments; and,

14 **WHEREAS**, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
15 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
16 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
17 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
18 conversion of the Base for the public interest, convenience, welfare and common benefit of
19 the inhabitants of the City and County of San Francisco; and,

20 **WHEREAS**, Under the Treasure Island Conversion Act of 1997 (the "Act"), which
21 amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to
22 Chapter 1333 of the Statutes of 1968, the California Legislature (i) designated the Authority as
23 a redevelopment agency under California redevelopment law with authority over the Base
24 upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the
25

1 Base which are subject to the Tidelands Trust, vested in the Authority the authority to
2 administer the public trust for commerce, navigation and fisheries as to such property; and

3 **WHEREAS**, On February 6, 1998, the Board of Supervisors adopted Resolution No.
4 43-98 approving the designation of the Authority as a redevelopment agency for Treasure
5 Island and Yerba Buena Island; and,

6 **WHEREAS**, The Authority has negotiated and endorsed a proposed Base Closure
7 Homeless Assistance Agreement and Option to Lease Real Property (the "Homeless
8 Assistance Agreement") with the Treasure Island Homeless Development Initiative, a
9 consortium of California nonprofit corporations ("TIHDI") organized to utilize the resources of
10 the Base to help fill gaps in the continuum of care for homeless persons and families,
11 pursuant to the Base Closure Community Redevelopment and Homeless Assistance Act of
12 1994; and,

13 **WHEREAS**, The Authority wishes to support TIHDI pursuant to the Base Closure
14 Community Redevelopment and Homeless Assistance Act of 1994; and,

15 **WHEREAS**, Toolworks, Inc. is a California nonprofit corporation and a member
16 organization of TIHDI, and Toolworks, Inc. has represented and warranted that it is qualified
17 to perform the janitorial and other building maintenance services required by the Authority as
18 set forth under the proposed contract; and,

19 **WHEREAS**, The Authority's purchasing policy and procedures authorize non-
20 competitive negotiations for contracts in furtherance of the Homeless Assistance Agreement;
21 and,

22 **WHEREAS**, On September 1, 2004, the Authority and Toolworks, Inc. entered into an
23 agreement for janitorial and other building maintenance services on the former Base (the
24 "Agreement"); and,

WHEREAS, On June 8, 2005, the Authority negotiated a First Amendment to the Agreement to modify the scope of work and budget for services for a 12 month period that did expire on June 30, 2006; and

WHEREAS, The Authority has negotiated with Toolworks, Inc. to reach agreement on the terms of a new Agreement which (i) describes the scope of work for the services shown in Appendix B-1 of the Agreement attached to this resolution as Exhibit A, and (ii) establishes the term of the Agreement for a period of 12 months commencing July 1, 2006 and expiring on June 30, 2007; now, therefore be it

RESOLVED, That the Authority hereby authorizes the City Administrator or his designee to execute the Agreement retroactively, for a term commencing on July 1, 2006 and expiring on June 30, 2007 for an amount not to exceed one hundred and thirty thousand dollars (\$130,000) to provide janitorial and other building maintenance services for the Authority at former Naval Station Treasure Island, and that the form of the Agreement shall be substantially as shown on Exhibit A attached to this resolution.

CERTIFICATE OF PRESIDENT

I hereby certify that I am the duly elected and acting President of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on July 26, 2006.

Claudine Cheng, President





RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

**Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
San Francisco, California 94130**

Agreement between the Treasure Island Development Authority and

TOOLWORKS, INC.

This Agreement is made this **1ST** day of **JULY, 2006**, in the City and County of San Francisco, State of California, by and between: **TOOLWORKS, INC., a California nonprofit public benefit corporation**, hereinafter referred to as "Contractor," and the Treasure Island Development Authority, a California nonprofit public benefit corporation, hereinafter referred to as "Authority," acting by and through its Executive Director of the Treasure Island Development Authority, or the Director's designated agent.

Recitals

WHEREAS, the **Authority** wishes to **procure janitorial services for the Authority at Naval Station Treasure Island**; and,

WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997 (the "Act"), which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968, the California Legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and

WHEREAS, On February 6, 1998, the Board of Supervisors adopted Resolution No. 43-98 approving the designation of the Authority as a redevelopment agency for Treasure Island and Yerba Buena Island; and,

WHEREAS, The Authority has negotiated and endorsed a proposed Base Closure Homeless Assistance Agreement and Option to Lease Real Property (the "Homeless Assistance Agreement") with the Treasure Island Homeless Development Initiative, a consortium of California nonprofit corporations ("TIHDI") organized to utilize the resources of the Base to help fill gaps in the continuum of care for homeless persons and families, pursuant to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994; and,

WHEREAS, The Authority wishes to support TIHDI pursuant to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994; and,

WHEREAS, Toolworks, Inc. is a California nonprofit corporation and a member organization of TIHDI, and Toolworks, Inc.; and,

WHEREAS, The Authority's purchasing policy and procedures authorize non-competitive negotiations for contracts in furtherance of the Homeless Assistance Agreement; and,

WHEREAS, Contractor represents and warrants that it is qualified to perform the services required by Authority as set forth under this Contract; and,

Now, THEREFORE, the parties agree as follows:

1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation

This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization.

This Agreement will terminate without penalty, liability or expense of any kind to Authority at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated.

City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. Term of the Agreement

Subject to Section 1, the term of this Agreement shall be from July 1, 2006 to June 30, 2007.

3. Effective Date of Agreement

This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing.

4. Services Contractor Agrees to Perform

The Contractor agrees to perform the services provided for in Appendix A, "Description of Services," attached hereto and incorporated by reference as though fully set forth herein.

5. Compensation

Compensation shall be made in monthly payments on or before the 20th day of each month for work, as set forth in Section 4 of this Agreement, that the Director, in his or her sole discretion, concludes has been performed as of the 30th day of the immediately preceding month. In no event shall the amount of this Agreement exceed One Hundred and Thirty Thousand Dollars. The breakdown of costs associated with this Agreement appears in Appendix A, "Services to be Provided by Contractor," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by Director as being in accordance with this Agreement. Authority may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall Authority be liable for interest or late charges for any late payments.

6. Guaranteed Maximum Costs

a. The Authority's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

b. Except as may be provided by laws governing emergency procedures, officers and employees of the Authority are not authorized to request, and the Authority is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law.

c. Officers and employees of the Authority are not authorized to offer or promise, nor is the Authority required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller.

d. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

7. Payment; Invoice Format

Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller, and must include the Contract Progress Payment Authorization number. All amounts paid by Authority to Contractor shall be subject to audit by Authority.

Payment shall be made by Authority to Contractor at the address specified in the section entitled "Notices to the Parties."

8. Submitting False Claims; Monetary Penalties

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the Authority for three times the amount of damages which the Authority sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the Authority for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the Authority for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the Authority if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the Authority a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the Authority; (c) conspires to defraud the Authority by getting a false claim allowed or paid by the Authority; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the Authority; or (e) is a beneficiary of an inadvertent submission of a false claim to the Authority, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the Authority within a reasonable time after discovery of the false claim.

9. LEFT BLANK BY AGREEMENT OF THE PARTIES.

10. Taxes

a. Payment of any taxes, including possessory interest taxes and California sales and use taxes, levied upon or as a result of this Agreement, or the services delivered pursuant hereto, shall be the obligation of Contractor.

b. Contractor recognizes and understands that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of Authority property for private gain. If such a possessory interest is created, then the following shall apply:

(1) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest;

(2) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

(3) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

(4) Contractor further agrees to provide such other information as may be requested by the Authority to enable the Authority to comply with any reporting requirements for possessory interests that are imposed by applicable law.

11. Payment Does Not Imply Acceptance of Work

The granting of any payment by Authority, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that do not conform to the requirements of this Agreement may be rejected by Authority and in such case must be replaced by Contractor without delay.

12. Qualified Personnel

Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor. Contractor will comply with Authority's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at Authority's request, must be supervised by Contractor. Contractor shall commit adequate resources to complete the project within the project schedule specified in this Agreement.

13. Responsibility for Equipment

Authority shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its employees, even though such equipment be furnished, rented or loaned to Contractor by Authority.

14. Independent Contractor; Payment of Taxes and Other Expenses

a. **Independent Contractor.** Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by Authority under this Agreement. Contractor or any agent or employee of Contractor shall not have employee status with Authority, nor be entitled to participate in any plans, arrangements, or distributions by Authority pertaining to or in connection with any retirement, health or other benefits that Authority may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between Authority and Contractor or any agent or employee of Contractor.

Any terms in this Agreement referring to direction from Authority shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. Authority does not retain the right to control the means or the method by which Contractor performs work under this Agreement.

b. **Payment of Taxes and Other Expenses.** Should Authority, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor

which can be applied against this liability). Authority shall then forward those amounts to the relevant taxing authority.

Should a relevant taxing authority determine a liability for past services performed by Contractor for Authority, upon notification of such fact by Authority, Contractor shall promptly remit such amount due or arrange with Authority to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability).

A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of Authority. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that Contractor is an employee for any other purpose, then Contractor agrees to a reduction in Authority's financial liability so that Authority's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

15. Insurance

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(1) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident; and

(2) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(3) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

b. Commercial General Liability and Commercial Automobile Liability Insurance policies must provide the following:

(1) Name as Additional Insured the Treasure Island Development Authority, the City and County of San Francisco and the United States Navy, and their respective Officers, Agents, and Employees.

(2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. All policies shall provide thirty days' advance written notice to Authority of cancellation mailed to the following address:

TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS

TREASURE ISLAND, SAN FRANCISCO, CA 94130

d. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

e. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

f. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the Authority receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the Authority may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

g. Before commencing any operations under this Agreement, Contractor shall do the following: (a) furnish to Authority certificates of insurance, and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to Authority, in form evidencing all coverages set forth above, and (b) furnish complete copies of policies promptly upon Authority request. Failure to maintain insurance shall constitute a material breach of this Agreement.

h. Approval of the insurance by Authority shall not relieve or decrease the liability of Contractor hereunder.

16. Indemnification

Contractor shall indemnify and save harmless Authority and City and their respective officers, agents and employees from, and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Contractor or loss of or damage to property, arising directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, Contractor's use of facilities or equipment provided by Authority, City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on Authority and/or City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of Authority and/or City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Authority's and City's costs of investigating any claims against the Authority and/or City.

In addition to Contractor's obligation to indemnify Authority and City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend Authority and City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by Authority or City and continues at all times thereafter.

Contractor shall indemnify and hold Authority and City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual

property claims of any person or persons in consequence of the use by Authority and/or City, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

17. Incidental and Consequential Damages

Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that Authority and/or City may have under applicable law.

18. Liability of Authority

AUTHORITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 5 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL AUTHORITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

19. LEFT BLANK BY AGREEMENT OF PARTIES.

20. Default; Remedies

a. Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

(1) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement: 8, 10, 15, 24, 30, 37, 53, 55, 57, or 58.

(2) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, and such default continues for a period of ten days after written notice thereof from Authority to Contractor.

(3) Contractor (A) is generally not paying its debts as they become due, (B) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (C) makes an assignment for the benefit of its creditors, (D) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property or (E) takes action for the purpose of any of the foregoing.

(4) A court or government authority enters an order (A) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (B) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (C) ordering the dissolution, winding-up or liquidation of Contractor.

b. On and after any Event of Default, Authority shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, Authority shall have the right (but no

obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to Authority on demand all costs and expenses incurred by Authority in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. Authority shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between Authority and Contractor all damages, losses, costs or expenses incurred by Authority as a result of such Event of Default and any liquidated damages due from Contractor pursuant to the terms of this Agreement or any other agreement.

c. All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

21. Termination for Convenience

a. Authority shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. Authority shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

b. Upon receipt of the notice, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by Authority and to minimize the liability of Contractor and Authority to third parties as a result of termination. All such actions shall be subject to the prior approval of Authority. Such actions shall include, without limitation:

(1) Halting the performance of all services and other work under this Agreement on the date(s) and in the manner specified by Authority.

(2) Not placing any further orders or subcontracts for materials, services, equipment or other items.

(3) Terminating all existing orders and subcontracts.

(4) At Authority's direction, assigning to Authority any or all of Contractor's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, Authority shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(5) Subject to Authority's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(6) Completing performance of any services or work that Authority designates to be completed prior to the date of termination specified by Authority.

(7) Taking such action as may be necessary, or as the Authority may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which Authority has or may acquire an interest.

c. Within 30 days after the specified termination date, Contractor shall submit to Authority an invoice, which shall set forth each of the following as a separate line item:

(1) The reasonable cost to Contractor, without profit, for all services and other work Authority directed Contractor to perform prior to the specified termination date, for which services or

work Authority has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of 10% of Contractor's direct costs for services or other work. Any overhead allowance shall be separately itemized. Contractor may also recover the reasonable cost of preparing the invoice.

(2) A reasonable allowance for profit on the cost of the services and other work described in the immediately preceding subsection (1), provided that Contractor can establish, to the satisfaction of Authority, that Contractor would have made a profit had all services and other work under this Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5% of such cost.

(3) The reasonable cost to Contractor of handling material or equipment returned to the vendor, delivered to the Authority or otherwise disposed of as directed by the Authority.

(4) A deduction for the cost of materials to be retained by Contractor, amounts realized from the sale of materials and not otherwise recovered by or credited to Authority, and any other appropriate credits to Authority against the cost of the services or other work.

d. In no event shall Authority be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by Authority, except for those costs specifically enumerated and described in the immediately preceding subsection (c). Such non-recoverable costs include, but are not limited to, anticipated profits on this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under such subsection (c).

e. In arriving at the amount due to Contractor under this Section, Authority may deduct: (1) all payments previously made by Authority for work or other services covered by Contractor's final invoice; (2) any claim which Authority may have against Contractor in connection with this Agreement; (3) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection (d); and (4) in instances in which, in the opinion of the Authority, the cost of any service or other work performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected services or other work, the difference between the invoiced amount and Authority's estimate of the reasonable cost of performing the invoiced services or other work in compliance with the requirements of this Agreement.

f. Authority's payment obligation under this Section shall survive termination of this Agreement.

22. Rights and Duties Upon Termination or Expiration

a. This Section and the following Sections of this Agreement shall survive termination or expiration of this Agreement: 8 through 11, 13 through 18, 24, 26, 27, 28, 48 through 52, 56, and 57.

b. Subject to the immediately preceding subsection (a), upon termination of this Agreement prior to expiration of the term specified in Section 2, this Agreement shall terminate and be of no further force or effect. Contractor shall transfer title to Authority, and deliver in the manner, at the times, and to the extent, if any, directed by Authority, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to Authority. This subsection shall survive termination of this Agreement.

23. Conflict of Interest

Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

24. Proprietary or Confidential Information of Authority

Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by Authority and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to Authority. Contractor agrees that all information disclosed by Authority to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

25. Notices to the Parties

Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, e-mail or by fax, and shall be addressed as follows:

To Authority: ~~EXECUTIVE~~ DIRECTOR, TREASURE ISLAND DEVELOPMENT
410 AVENUE OF THE PALMS
TREASURE ISLAND, SAN FRANCISCO, CA 94130
FAX (415)274-0299

To Contractor: TOOLWORKS, INC.
STEVEN CRABIEL, EXECUTIVE DIRECTOR, TOOLWORKS, INC.
25 KEARNY STREET, SUITE 400
SAN FRANCISCO, CA 94108
FEIN 94-2493384
VENDOR NO. 46565
PHONE – (415) 733-0330
FAX (415)733-0991

Any notice of default must be sent by registered mail.

26. Ownership of Results

Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Contractor or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to Authority. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

27. Works for Hire

If, in connection with services performed under this Agreement, Contractor or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the Authority. If it is ever determined that any works created by Contractor or its subcontractors under this Agreement are not works for hire under U.S. law, Contractor hereby assigns all copyrights to such works to the Authority, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the Authority, Contractor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

28. Audit and Inspection of Records

Contractor agrees to maintain and make available to the Authority, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit Authority to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than three years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon Authority by this Section.

29. Subcontracting

Contractor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by Authority in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

30. Assignment

The services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Contractor unless first approved by Authority by written instrument executed and approved in the same manner as this Agreement.

31. Non-Waiver of Rights

The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

32. Earned Income Credit (EIC) Forms

Administrative Code section 120 requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

a. Contractor shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Agreement becomes effective (unless Contractor has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Contractor; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

b. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Contractor of the terms of this Agreement. If, within thirty days after Contractor receives written notice of such a breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, Contractor fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the Authority may pursue any rights or remedies available under this Agreement or under applicable law.

c. Any Subcontract entered into by Contractor shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

d. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 120 of the San Francisco Administrative Code.

33. Disadvantaged Business Enterprise Utilization; Liquidated Damages

a. The DBE Ordinance

Contractor, shall comply with all the requirements of the Disadvantaged Business Enterprise Ordinance set forth in Chapter 14A of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "DBE Ordinance"), provided such amendments do not materially increase Contractor's obligations or liabilities, or materially diminish Contractor's rights, under this Agreement. Such provisions of the DBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this section. Contractor's willful failure to comply with any applicable provision of the DBE Ordinance is a material breach of Contractor's obligations under this Agreement and shall entitle Authority, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the DBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, Contractor shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. Compliance and Enforcement

1. Enforcement

If Contractor willfully fails to comply with any of the provisions of the DBE Ordinance, the rules and regulations implementing the DBE Ordinance, or the provisions of this Agreement pertaining to DBE participation, Contractor shall be liable for liquidated damages in an amount equal to Contractor's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the DBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against Contractor authorized in the DBE Ordinance, including declaring the Contractor to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Contractor's DBE certification. The Director of HRC will determine the sanctions to be imposed,

including the amount of liquidated damages, after investigation pursuant to Administrative Code §14A.13 (B).

By entering into this Agreement, Contractor acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with City.

Contractor agrees to maintain records necessary for monitoring its compliance with the DBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

34. Nondiscrimination; Penalties

a. Contractor Shall Not Discriminate

In the performance of this Agreement, Contractor agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. Subcontracts

Contractor shall incorporate by reference in all subcontracts the provisions of §§12B.2 (a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

c. Nondiscrimination in Benefits

Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

d. Condition to Contract

As a condition to this Agreement, Contractor shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

e. **Incorporation of Administrative Code Provisions by Reference**

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

35. MacBride Principles—Northern Ireland

Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.

36. Tropical Hardwood and Virgin Redwood Ban

Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

37. Drug-Free Workplace Policy

Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on Authority premises. Contractor agrees that any violation of this prohibition by Contractor, its employees, agents or assigns will be deemed a material breach of this Agreement.

38. Resource Conservation

Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

39. Compliance with Americans with Disabilities Act

Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.

40. Sunshine Ordinance

In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between Authority and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

41. Public Access to Meetings and Records

If the Contractor receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Contractor shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Contractor agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Contractor further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Contractor acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Contractor further acknowledges that such material breach of the Agreement shall be grounds for the Authority to terminate and/or not renew the Agreement, partially or in its entirety.

42. Limitations on Contributions

Through execution of this Agreement, Contractor acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services or for the furnishing of any material, supplies or equipment to the City, whenever such transaction would require approval by a City elective officer of the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for the contract until the later of either (1) the termination of negotiations for such contract or (2) three months after the date the contract is approved by the City elective officer or the board on which that City elective officer serves.

43. Requiring Minimum Compensation for Covered Employees

Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, Contractor agrees to all of the following:

a. (a) For each hour worked by a Covered Employee during a Pay Period on work funded under the City contract during the term of this Agreement, Contractor shall provide to the Covered Employee no less than the Minimum Compensation, which includes a minimum hourly wage and compensated and uncompensated time off consistent with the requirements of the MCO. For the hourly gross compensation portion of the MCO, Contractor shall pay a minimum of \$10.77 an hour beginning January 1, 2005 and for the remainder of the term of this Agreement; provided, however, that Contractors that are

Nonprofit Corporations or public entities shall pay a minimum of \$9 an hour for the term of this Agreement.

b. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to Contractor's compliance or anticipated compliance with the requirements of the MCO, for opposing any practice proscribed by the MCO, for participating in proceedings related to the MCO, or for seeking to assert or enforce any rights under the MCO by any lawful means.

c. Contractor understands and agrees that the failure to comply with the requirements of the MCO shall constitute a material breach by Contractor of the terms of this Agreement. The City, acting through the Contracting Department, shall determine whether such a breach has occurred.

d. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City, acting through the Contracting Department, shall have the right to pursue the following rights or remedies and any rights or remedies available under applicable law:

(1) The right to charge Contractor an amount equal to the difference between the Minimum Compensation and any compensation actually provided to a Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law;

(2) The right to set off all or any portion of the amount described in Subsection (d)(1) of this Section against amounts due to Contractor under this Agreement;

(3) The right to terminate this Agreement in whole or in part;

(4) In the event of a breach by Contractor of the covenant referred to in Subsection (b) of this Section, the right to seek reinstatement of the employee or to obtain other appropriate equitable relief; and

(5) The right to bar Contractor from entering into future contracts with the City for three years.

Each of the rights provided in this Subsection (d) shall be exercisable individually or in combination with any other rights or remedies available to the City. Any amounts realized by the City pursuant to this subsection shall be paid to the Covered Employee who failed to receive the required Minimum Compensation.

e. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

f. Contractor shall keep itself informed of the current requirements of the MCO, including increases to the hourly gross compensation due Covered Employees under the MCO, and shall provide prompt written notice to all Covered Employees of any increases in compensation, as well as any written communications received by the Contractor from the City, which communications are marked to indicate that they are to be distributed to Covered Employees.

g. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the MCO, including reports on subcontractors.

h. The Contractor shall provide the City with access to pertinent records after receiving a written request from the City to do so and being provided at least five (5) business days to respond.

i. The City may conduct random audits of Contractor. Random audits shall be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of Contractor every two years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the City from investigating any report of an alleged violation of the MCO.

j. Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. A subcontract means an agreement between the Contractor and a third party which requires the third party to perform all or a portion of the services covered by this Agreement. Contractor shall notify the Department of Administrative Services when it enters into such a subcontract and shall certify to the Department of Administrative Services that it has notified the subcontractor of the obligations under the MCO and has imposed the requirements of the MCO on the subcontractor through the provisions of the subcontract. It is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Contractor.

k. Each Covered Employee is a third-party beneficiary with respect to the requirements of subsections (a) and (b) of this Section, and may pursue the following remedies in the event of a breach by Contractor of subsections (a) and (b), but only after the Covered Employee has provided the notice, participated in the administrative review hearing, and waited the 21-day period required by the MCO. Contractor understands and agrees that if the Covered Employee prevails in such action, the Covered Employee may be awarded: (1) an amount equal to the difference between the Minimum Compensation and any compensation actually provided to the Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law; (2) in the event of a breach by Contractor of subsections (a) or (b), the right to seek reinstatement or to obtain other appropriate equitable relief; and (3) in the event that the Covered Employee is the prevailing party in any legal action or proceeding against Contractor arising from this Agreement, the right to obtain all costs and expenses, including reasonable attorney's fees and disbursements, incurred by the Covered Employee. Contractor also understands that the MCO provides that if Contractor prevails in any such action, Contractor may be awarded costs and expenses, including reasonable attorney's fees and disbursements, from the Covered Employee if the court determines that the Covered Employee's action was frivolous, vexatious or otherwise an act of bad faith.

l. If Contractor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Contractor shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Contractor and this department to exceed \$25,000 (\$50,000 for nonprofits) in the fiscal year.

44. Requiring Health Benefits for Covered Employees

Unless exempt, Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code

Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Contractor chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

b. Notwithstanding the above, if the Contractor is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Contractor's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Contractor if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5 (f) (1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Contractor shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Contractor based on the Subcontractor's failure to comply, provided that City has first provided Contractor with notice and an opportunity to obtain a cure of the violation.

e. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Contractor's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Contractor shall keep itself informed of the current requirements of the HCAO.

h. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

i. Contractor shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least five business days to respond.

j. City may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with City when it conducts such audits.

k. If Contractor is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause Contractor's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Contractor and the City to be equal to or greater than \$75,000 in the fiscal year.

45. First Source Hiring Program

a. Incorporation of Administrative Code Provisions by Reference

The provisions of Chapter 83 of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 83.

b. First Source Hiring Agreement.

(1) Contractor will comply with First Source interviewing, recruitment and hiring requirements, which will provide the San Francisco Workforce Development System with the exclusive opportunity to initially provide Qualified Economically Disadvantaged Individuals for consideration for employment for Entry Level Positions. The duration of the First Source interviewing requirement shall be ten (10) days, unless business necessity requires a shorter period of time;

(2) Contractor will comply with requirements for providing timely, appropriate notification of available Entry Level Positions to the San Francisco Workforce Development System so that the System may train and refer an adequate pool of Qualified Economically Disadvantaged Individuals to participating Employers;

(3) Contractor agrees to use good faith efforts to comply with the First Source hiring requirements. A Contractor may establish its good faith efforts by filling: 1) its first available Entry Level Position with a job applicant referred through the First Source Program; and, 2) fifty percent (50%) of its subsequent available Entry Level Positions with job applicants referred through the San Francisco Workforce Development System. Failure to meet this target, while not imputing bad faith, may result in a review of the Contractor's employment records.

c. Hiring Decisions.

Contractor shall make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

d. Exceptions

Upon application by Employer, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

e. Liquidated Damages

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of \$2,070 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

f. Subcontracts

Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of Chapter 83 and shall contain contractual obligations substantially the same as those set forth in this Section.

46. Prohibition on Political Activity with City Funds

In accordance with San Francisco Administrative Code Chapter 12.G, Contractor may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. Contractor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Contractor violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Contractor from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Contractor's use of profit as a violation of this section.

47. Preservative-treated Wood Containing Arsenic

Contractor may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Contractor may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Contractor from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

48. Modification of Agreement

This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement. Contractor shall cooperate with Department to submit to the Director of HRC any amendment, modification, supplement or change order that would result in a cumulative increase of the original amount of this Agreement by more than 20%.

49. Administrative Remedy for Agreement Interpretation

Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to Director who shall decide the true meaning and intent of the Agreement.

50. Agreement Made in California; Venue

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

51. Construction

All paragraph captions are for reference only and shall not be considered in construing this Agreement.

52. Entire Agreement

This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 48.

53. Compliance with Laws

Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

54. Services Provided by Attorneys

Any services to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including, without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.

55. LEFT BLANK BY AGREEMENT OF THE PARTIES.

56. Severability

Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

57. Nondisclosure of Private Information

As of March 5, 2005, Contractor agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "Nondisclosure of Private Information Ordinance"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this section and not defined in this Agreement shall have the meanings assigned to such terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Contractor agrees to all of the following:

(a) Neither Contractor nor any of its Subcontractors shall disclose Private Information obtained from the Authority in the performance of this Agreement to any other Subcontractor, person, or other entity, unless one of the following is true:

(i) The disclosure is authorized by this Agreement;

(ii) The Contractor received advance written approval from the Contracting Department to disclose the information; or

(iii) The disclosure is required by law or judicial order.

(b) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement. Any disclosure or use of Private Information authorized by a Contracting Department shall be in accordance with any conditions or restrictions stated in the approval.

(c) Private Information shall mean any information that: (1) could be used to identify an individual, including without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

(d) Any failure of Contractor to comply with the Nondisclosure of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the Authority may terminate this Agreement, debar Contractor, or bring a false claim action against Contractor.

58. Graffiti Removal

Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

Contractor shall remove all graffiti from any real property owned or leased by Contractor in the City and County of San Francisco within forty eight (48) hours of the earlier of Contractor's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Contractor to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure,

marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of Contractor to comply with this section of this Agreement shall constitute an Event of Default of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

TREASURE ISLAND DEVELOPMENT
AUTHORITY

Printed Name

Approved as to Form:

Dennis J. Herrera
City Attorney

By _____
Deputy City Attorney

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

Steven Crabel, Executive Director
Toolworks, Inc.
25 Kearny St., Suite 400
San Francisco, CA. 94108
FEIN: 94-2493384
Vendor No. 46565
415.733.0900 – Phone
415.733.0991 - Fax

APPENDICES

A: Services to be Provided by Contractor

Appendix A
Services to be Provided by Contractor

1. Description of Services

For an amount not to exceed \$8,750 per month, or \$105,000 for the period from July 1, 2006 through June 30, 2007, Contractor will provide:

- 74 hours of janitorial services weekly, including weekends and holidays
- cleaning equipment, materials and supplies
- soap, toilet paper, hand towels, seat covers for all restrooms and kitchens in all venues
- Uniform soap and paper goods dispensers for all restrooms and kitchens in all venues
- transport of equipment and personnel among venues

For an amount not to exceed \$25,000 per year at the specific request of Special Events Coordinator, or Executive Director:

- Carpet cleaning @ \$40.00 per 500 square feet (500 sf minimum service area)
- Additional window cleaning @ \$30.00 per hour
- Additional janitorial services @ \$30.00 per hour
- Special event services including opening and closing event venues and monitoring event activities @ \$30.00 per hour

2. Reports

Contractor shall submit written reports as requested by the Director. Format for the content of such reports shall be determined by the Director. The timely submission of all reports is a necessary and material term and condition of this Agreement. The reports, including any copies, shall be submitted on recycled paper and printed on double-sided pages to the maximum extent possible.

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Retroactive Authorization for the Executive Director to Execute the Agreement with Rubicon Enterprises, Inc. to provide landscape and grounds maintenances services for a term beginning on July 1, 2006, and expiring on June 30, 2007, for an amount not to exceed \$725,000

Agenda Item No. 8C
Meeting of July 26, 2006

Contact/Phone: Marc McDonald
(415) 274-0660

BACKGROUND

Landscaping and grounds maintenance services are required to fulfill the requirements of the agreement for caretaker services between the Authority and the Navy (the "Cooperative Agreement"), as well as to promote public health and safety at former Naval Station Treasure Island.

Rubicon Enterprises, Inc. (Rubicon), a member organization of the Treasure Island Homeless Development Initiative (TIHDI), is a non-profit agency organized to provide services to train homeless and other economically disadvantaged persons for jobs. One of its programs is contractual landscaping and grounds maintenance services. These are identified in the draft Homeless Component of the Treasure Island Reuse Plan as one of the economic development opportunities available to assist homeless and other economically disadvantaged San Franciscans. The Authority's Purchasing Policy and Procedures allow for noncompetitive negotiations in furtherance of the Homeless Assistance Agreement between the Authority and TIHDI, including TIHDI member organizations.

On September 1, 2004, Treasure Island Development Authority entered into an agreement with Rubicon to provide landscaping services at Treasure Island for a ten month term commencing on September 1, 2004 and expiring on June 30, 2005. Compensation for the ten month term was established at \$800,000 or \$80,000 per month. On June 8, 2005 the Authority extended the Agreement for a term of 1 year, commencing July 1, 2005 and expiring on June 30, 2006. Compensation for the 12 month term was set at \$800,000 or \$66,667 per month. Rubicon agreed to continue to provide the same level of service called for in the September 1, 2004 contract at the reduced cost, representing a savings of \$13,333.00 per month.

In an effort to balance the project budget in response to projected declines in commercial and residential revenues, staff has asked Rubicon to adjust its budget requests. Rubicon has agreed to a further reduction in compensation in exchange for a reduction in services to the islands. The

proposed budget for Rubicon for FY 06-07 is \$725,000 or \$60,416 per month. This represents a savings of \$75,000 per year or \$6,250 per month. In exchange for reduced funding Rubicon has agreed to reduce the level of certain services currently provided on the island. Services that will be affected include deferral of cosmetic tree pruning projects on Treasure Island and Yerba Buena Island and deferral of drainage improvement projects for the sports field on Treasure Island; finally, there will be a slight reduction in frequency of mowing, watering and routine trash pick up of non-visible areas surrounding unoccupied housing on Yerba Buena Island. Staff and Rubicon will ensure that the quality of life of island residents and public safety associated with landscaping will not be compromised by this scope change.

RECOMMENDATION

Staff recommends approval of the contract for landscaping and grounds maintenance services with Rubicon from July 1, 2006 through June 30, 2007 for an amount not to exceed \$725,000.

EXHIBITS

A. Contract with Rubicon Enterprises, Inc.

1 [Rubicon Contract]

2 **RETROACTIVE AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE THE**
3 **AGREEMENT WITH RUBICON ENTERPRISES, INC. TO PROVIDE LANDSCAPE AND**
4 **GROUNDS MAINTENANCE SERVICES FOR A TERM BEGINNING ON JULY 1, 2006, AND**
5 **EXPIRING ON JUNE 30, 2007 FOR AN AMOUNT NOT TO EXCEED \$725,000.**

6 **WHEREAS**, Naval Station Treasure Island is a military base located on Treasure
7 Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United
8 States of America ("the Federal Government"); and,

9 **WHEREAS**, The Base was selected for closure and disposition by the Base
10 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
11 subsequent amendments; and,

12 **WHEREAS**, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
13 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
14 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
15 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
16 conversion of the Base for the public interest, convenience, welfare and common benefit of
17 the inhabitants of the City and County of San Francisco; and,

18 **WHEREAS**, Under the Treasure Island Conversion Act of 1997 (the "Act"), which
19 amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to
20 Chapter 1333 of the Statutes of 1968, the California Legislature (i) designated the Authority as
21 a redevelopment agency under California redevelopment law with authority over the Base
22 upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the
23 Base which are subject to Tidelands Trust, vested in the Authority the authority to administer
24 the public trust for commerce, navigation and fisheries as to such property; and

1 **WHEREAS**, On February 6, 1998, the Board of Supervisors adopted Resolution No.
2 43-98 approving the designation of the Authority as a redevelopment agency for Treasure
3 Island and Yerba Buena Island; and,

4 **WHEREAS**, The Authority has negotiated and endorsed a proposed Base Closure
5 Homeless Assistance Agreement and Option to Lease Real Property (the "Homeless
6 Assistance Agreement") with the Treasure Island Homeless Development Initiative, a
7 consortium of nonprofit corporations organized ("TIHDI") to utilize the resources of the Base to
8 help fill gaps in the continuum of care for homeless persons and families, pursuant to the
9 Base Closure Community Redevelopment and Homeless Assistance Act of 1994; and,

10 **WHEREAS**, The Authority wishes to support TIHDI pursuant to the Base Closure
11 Community Redevelopment and Homeless Assistance Act of 1994; and,

12 **WHEREAS**, Rubicon Enterprises, Inc. is a California nonprofit public benefit
13 corporation and a member organization of TIHDI, and Rubicon Enterprises, Inc. has
14 represented and warranted that it is qualified to perform the landscaping and other ground
15 maintenance services required by the Authority as set forth under the proposed contract; and,

16 **WHEREAS**, The Authority's purchasing policy and procedures authorize non-
17 competitive negotiations for contracts in furtherance of the Homeless Assistance Agreement;
18 and,

19 **WHEREAS**, On September 1, 2004, the Authority and Rubicon Enterprises, Inc.
20 entered into an agreement for landscaping and other ground maintenance services on the
21 former Base (the "Agreement"); and,

22 **WHEREAS**, The Authority negotiated and the TIDA Board approved an Agreement
23 dated September 1, 2004, with Rubicon Enterprises, Inc. on the scope of work, and budget in
24 the amount of \$800,000 for such services; and,

WHEREAS, On June 8, 2005, the Authority negotiated the First Amendment to the Agreement for a 12 month extension of the term for the same scope at a budget of \$800,000, and that term expired on June 30, 2006; and,

WHEREAS, the Authority has negotiated a new Agreement with Rubicon Enterprises, and the scope of work has been reduced, and budget for such services has been reduced to \$725,000 as shown in Exhibit A to this resolution; now, therefore be it

RESOLVED, That the Authority hereby authorizes the City Administrator or his designee to execute the Agreement retroactively, for a term commencing July 1, 2006 and expiring on June 30, 2007, for an amount not to exceed \$725,000 to provide landscaping and grounds maintenance services for the Authority at former Naval Station Treasure Island and that the form of the Agreement shall be substantially as shown on Exhibit B attached to this resolution.

CERTIFICATE OF PRESIDENT

I hereby certify that I am the duly elected and acting President of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on July 26, 2006.



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

EXHIBIT A BUDGET

For an amount not to exceed \$60,417.00 per month, or \$725,000 for 12 months, Contractor will provide the following:

PARCEL	DESCRIPTION	SERVICE LEVEL	12 months FY 06
parcel 1	bldg 1, tourist stop, causeway	1	\$35,382
parcel 1A	bldg 180	1	\$8,627
parcel 2	bldg 2	1	\$21,908
parcel 3	bldg 3	1	\$9,024
parcel 4	pier 1	3	\$1,486
parcel 5	Calif. between M&I	2	\$4,961
parcel 6	picnic area tennis courts	3	\$8,947
parcel 6A	baseball field	3	\$3,161
parcel 6B	bldg 233 lift station surrounds	3	\$4,187
parcel 7	bldg 92 & surrounds	3	\$20,562
parcel 8	bldg 99, 29, & surrounds	3	\$15,210
parcel 9	demolition site		
parcel 10	legal bldg & surrounds	2	\$21,347

1	parcel 11	Job Corps		
2	parcel 12	post office	3	\$5,861
3	parcel 13	dog park site/playing	1	\$55,925
4		fields		
5	parcel 14	star barracks	2	\$31,534
6	parcel 15	great lawn casa chapel	1	\$133,811
7		library		
8	parcel 16	Nimitz conference	2	\$20,765
9		center		
10	parcel 17	TIHDI childcare center		
11	parcel 18	navy exchange	3	\$1,950
12	parcel 18A	CEC laydown		
13	parcel 18B	bldg 257	3	\$5,294
14	parcel 19	old brig	3	\$9,473
15	parcel 19A	field		
16	parcel 20	elementary school		
17	parcel 21	See adjunct item		
18	parcel 21A	See adjunct item		
19				
20	parcel 22	fire school	3	\$2,189
21	parcel 23	PUC	3	\$5,001
22	parcel 24	brig	2	\$9,375
23	parcel 25	gas station		\$2,315
24	parcel 26	sewage treatment		
25	parcel 27	area near Austin Hall	1	\$2,193

1	parcel 27A	Austin Hall &	3	
2		surrounds		
3	parcel 28A	housing ir sites		
4	parcel 28B	housing ir sites		
5	parcel 29	auto hobby shop	3	\$2,996
6				
7	YERBA BUENA ISLAND			
8	Captains Park		2	\$8,571
9	quarters 1	Nimitz House	2	\$6,902
10	quarters 2-7	great whites	2	\$17,764
11	quarters 61		1	\$3,473
12	quarters 62		2	\$7,838
13	quarters 240			\$8,412
14				
15	SUBTOTAL			\$496,443
16				
17				
18				
19				
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21				
22				
23				
24				
25				

1			
2	Adjunct		
3	Work Items		
4	item 1	fire breaks	\$46,131
5	item 2	outer seawall	\$12,685
6	item 3	inner seawall	\$7,661
7	item 4	garbage &	\$15,490
8		tourist stop	
9	item 5	TI garbage	\$12,891
10		cans	
11	item 6	poison oak	\$1,533
12	item 7	annual	\$23,573
13		planting &	
14		maintenance	
15	item 8	diseases &	\$1,921
16		insects	
17	item 9	storm damage	\$30,722
18		clean-up	
19	item 10	inventory	\$13,456
20		housing	
21		(parcel 28)	
22	item 11	reservoir	\$19,161
23		maintenance	
24	item 12	pump station	\$5,030
25		maintenance	

1	item 13	parcel 21	\$12,965
2	item 14	parcel 21A	\$19,685
3		gym &	
4		surrounds	
5	item 15	parcel 27A	\$5,654
6	Subtotal		\$228,557
7			
8	TOTAL		\$725,000
9	Additional Services		
10	CONTRACT MAXIMUM		\$725,000

Written authorization is required to expend funds allocated for additional landscape services and playground rehabilitation services.

Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
San Francisco, California 94130

Agreement between the Treasure Island Development Authority and

RUBICON ENTERPRISES, INC.

This Agreement is made this 1ST day of JULY, 2006, in the City and County of San Francisco, State of California, by and between: RUBICON ENTERPRISES, INC., a California nonprofit public benefit corporation, hereinafter referred to as "Contractor," and the Treasure Island Development Authority, a California nonprofit public benefit corporation, hereinafter referred to as "Authority," acting by and through its Executive Director of the Treasure Island Development Authority, or the Director's designated agent.

Recitals

WHEREAS, the Authority wishes to procure landscaping and other grounds maintenance services for the Authority at Naval Station Treasure Island; and,

WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997 (the "Act"), which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968, the California Legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and

WHEREAS, On February 6, 1998, the Board of Supervisors adopted Resolution No. 43-98 approving the designation of the Authority as a redevelopment agency for Treasure Island and Yerba Buena Island; and,

WHEREAS, The Authority has negotiated and endorsed a proposed Base Closure Homeless Assistance Agreement and Option to Lease Real Property (the "Homeless Assistance Agreement") with the Treasure Island Homeless Development Initiative, a consortium of California nonprofit corporations ("TIHDI") organized to utilize the resources of the Base to help fill gaps in the continuum of care for homeless persons and families, pursuant to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994; and,

WHEREAS, The Authority wishes to support TIHDI pursuant to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994; and,

WHEREAS, Rubicon Enterprises, Inc. is a California nonprofit public benefit corporation and a member organization of TIHDI; and,

WHEREAS, The Authority's purchasing policy and procedures authorize non-competitive negotiations for contracts in furtherance of the Homeless Assistance Agreement; and,

WHEREAS, Contractor represents and warrants that it is qualified to perform the services required by Authority as set forth under this Contract; and,

Now, THEREFORE, the parties agree as follows:

1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation

This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization.

This Agreement will terminate without penalty, liability or expense of any kind to Authority at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated.

City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. Term of the Agreement

Subject to Section 1, the term of this Agreement shall be from July 1, 2006 to June 30, 2007.

3. Effective Date of Agreement

This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing.

4. Services Contractor Agrees to Perform

The Contractor agrees to perform the services provided for in Appendix A, "Description of Services," attached hereto and incorporated by reference as though fully set forth herein.

5. Compensation

Compensation shall be made in monthly payments on or before the 20th day of each month for work, as set forth in Section 4 of this Agreement, that the Director, in his or her sole discretion, concludes has been performed as of the 30th day of the immediately preceding month. In no event shall the amount of this Agreement exceed Seven Hundred Twenty-Five Thousand Dollars. The breakdown of costs associated with this Agreement appears in Appendix A, "Services to be Provided by Contractor," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by Director as being in accordance with this Agreement. Authority may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall Authority be liable for interest or late charges for any late payments.

6. Guaranteed Maximum Costs

a. The Authority's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

b. Except as may be provided by laws governing emergency procedures, officers and employees of the Authority are not authorized to request, and the Authority is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law.

c. Officers and employees of the Authority are not authorized to offer or promise, nor is the Authority required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller.

d. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

7. Payment; Invoice Format

Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller, and must include the Contract Progress Payment Authorization number. All amounts paid by Authority to Contractor shall be subject to audit by Authority.

Payment shall be made by Authority to Contractor at the address specified in the section entitled "Notices to the Parties."

8. Submitting False Claims; Monetary Penalties

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the Authority for three times the amount of damages which

the Authority sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the Authority for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the Authority for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the Authority if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the Authority a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the Authority; (c) conspires to defraud the Authority by getting a false claim allowed or paid by the Authority; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the Authority; or (e) is a beneficiary of an inadvertent submission of a false claim to the Authority, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the Authority within a reasonable time after discovery of the false claim.

9. Disallowance

If Contractor claims or receives payment from Authority for a service, reimbursement for which is later disallowed by the State of California or United States Government, Contractor shall promptly refund the disallowed amount to Authority upon Authority's request. At its option, Authority may offset the amount disallowed from any payment due or to become due to Contractor under this Agreement or any other Agreement.

By executing this Agreement, Contractor certifies that Contractor is not suspended, debarred or otherwise excluded from participation in federal assistance programs. Contractor acknowledges that this certification of eligibility to receive federal funds is a material terms of the Agreement.

10. Taxes

a. Payment of any taxes, including possessory interest taxes and California sales and use taxes, levied upon or as a result of this Agreement, or the services delivered pursuant hereto, shall be the obligation of Contractor.

b. Contractor recognizes and understands that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of Authority property for private gain. If such a possessory interest is created, then the following shall apply:

(1) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest;

(2) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

(3) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Contractor accordingly agrees on behalf of itself and its permitted successors and

assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

(4) Contractor further agrees to provide such other information as may be requested by the Authority to enable the Authority to comply with any reporting requirements for possessory interests that are imposed by applicable law.

11. Payment Does Not Imply Acceptance of Work

The granting of any payment by Authority, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that do not conform to the requirements of this Agreement may be rejected by Authority and in such case must be replaced by Contractor without delay.

12. Qualified Personnel

Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor. Contractor will comply with Authority's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at Authority's request, must be supervised by Contractor. Contractor shall commit adequate resources to complete the project within the project schedule specified in this Agreement.

13. Responsibility for Equipment

Authority shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its employees, even though such equipment be furnished, rented or loaned to Contractor by Authority.

14. Independent Contractor; Payment of Taxes and Other Expenses

a. Independent Contractor. Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by Authority under this Agreement. Contractor or any agent or employee of Contractor shall not have employee status with Authority, nor be entitled to participate in any plans, arrangements, or distributions by Authority pertaining to or in connection with any retirement, health or other benefits that Authority may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between Authority and Contractor or any agent or employee of Contractor.

Any terms in this Agreement referring to direction from Authority shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. Authority does not retain the right to control the means or the method by which Contractor performs work under this Agreement.

b. Payment of Taxes and Other Expenses. Should Authority, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or

both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). Authority shall then forward those amounts to the relevant taxing authority.

Should a relevant taxing authority determine a liability for past services performed by Contractor for Authority, upon notification of such fact by Authority, Contractor shall promptly remit such amount due or arrange with Authority to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability).

A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of Authority. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that Contractor is an employee for any other purpose, then Contractor agrees to a reduction in Authority's financial liability so that Authority's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

15. Insurance

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(1) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident; and

(2) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(3) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

(4) Professional liability insurance with limits not less than \$1,000,000 each claim with respect to negligent acts, errors or omissions in connection with professional services to be provided under this Agreement.

b. Commercial General Liability and Commercial Automobile Liability Insurance policies must provide the following:

(1) Name as Additional Insured the Treasure Island Development Authority, the City and County of San Francisco, the United States Navy, and their respective Officers, Agents, and Employees.

(2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. All policies shall provide thirty days' advance written notice to Authority of cancellation mailed to the following address:

Treasure Island Development Authority

410 Avenue of the Palms

Treasure Island, San Francisco, Ca. 94130

d. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

e. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

f. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the Authority receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the Authority may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

g. Before commencing any operations under this Agreement, Contractor shall do the following: (a) furnish to Authority certificates of insurance; and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to Authority, in form evidencing all coverages set forth above, and (b) furnish complete copies of policies promptly upon Authority request. Failure to maintain insurance shall constitute a material breach of this Agreement.

h. Approval of the insurance by Authority shall not relieve or decrease the liability of Contractor hereunder.

16. Indemnification

Contractor shall indemnify and save harmless Authority and City and their respective officers, agents and employees from, and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Contractor or loss of or damage to property, arising directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, Contractor's use of facilities or equipment provided by Authority, City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on Authority and/or City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of Authority and/or City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Authority's and City's costs of investigating any claims against the Authority and/or City.

In addition to Contractor's obligation to indemnify Authority and City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend Authority and City from any claim which actually or potentially falls within this indemnification provision, even if the

allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by Authority or City and continues at all times thereafter.

Contractor shall indemnify and hold Authority and City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by Authority and/or City, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

17. Incidental and Consequential Damages

Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that Authority and/or City may have under applicable law.

18. Liability of Authority

AUTHORITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 5 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL AUTHORITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

19. Liquidated Damages

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20. Default; Remedies

a. Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

(1) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement: 8, 10, 15, 24, 30, 37, 53, 55, 57, or 58.

(2) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, and such default continues for a period of ten days after written notice thereof from Authority to Contractor.

(3) Contractor (A) is generally not paying its debts as they become due, (B) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (C) makes an assignment for the benefit of its creditors, (D) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property or (E) takes action for the purpose of any of the foregoing.

(4) A court or government authority enters an order (A) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial

part of Contractor's property, (B) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (C) ordering the dissolution, winding-up or liquidation of Contractor.

b. On and after any Event of Default, Authority shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, Authority shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to Authority on demand all costs and expenses incurred by Authority in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. Authority shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between Authority and Contractor all damages, losses, costs or expenses incurred by Authority as a result of such Event of Default and any liquidated damages due from Contractor pursuant to the terms of this Agreement or any other agreement.

c. All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

21. Termination for Convenience

a. Authority shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. Authority shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

b. Upon receipt of the notice, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by Authority and to minimize the liability of Contractor and Authority to third parties as a result of termination. All such actions shall be subject to the prior approval of Authority. Such actions shall include, without limitation:

(1) Halting the performance of all services and other work under this Agreement on the date(s) and in the manner specified by Authority.

(2) Not placing any further orders or subcontracts for materials, services, equipment or other items.

(3) Terminating all existing orders and subcontracts.

(4) At Authority's direction, assigning to Authority any or all of Contractor's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, Authority shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(5) Subject to Authority's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(6) Completing performance of any services or work that Authority designates to be completed prior to the date of termination specified by Authority.

(7) Taking such action as may be necessary, or as the Authority may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which Authority has or may acquire an interest.

c. Within 30 days after the specified termination date, Contractor shall submit to Authority an invoice, which shall set forth each of the following as a separate line item:

(1) The reasonable cost to Contractor, without profit, for all services and other work Authority directed Contractor to perform prior to the specified termination date, for which services or work Authority has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of 10% of Contractor's direct costs for services or other work. Any overhead allowance shall be separately itemized. Contractor may also recover the reasonable cost of preparing the invoice.

(2) A reasonable allowance for profit on the cost of the services and other work described in the immediately preceding subsection (1), provided that Contractor can establish, to the satisfaction of Authority, that Contractor would have made a profit had all services and other work under this Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5% of such cost.

(3) The reasonable cost to Contractor of handling material or equipment returned to the vendor, delivered to the Authority or otherwise disposed of as directed by the Authority.

(4) A deduction for the cost of materials to be retained by Contractor, amounts realized from the sale of materials and not otherwise recovered by or credited to Authority, and any other appropriate credits to Authority against the cost of the services or other work.

d. In no event shall Authority be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by Authority, except for those costs specifically enumerated and described in the immediately preceding subsection (c). Such non-recoverable costs include, but are not limited to, anticipated profits on this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under such subsection (c).

e. In arriving at the amount due to Contractor under this Section, Authority may deduct: (1) all payments previously made by Authority for work or other services covered by Contractor's final invoice; (2) any claim which Authority may have against Contractor in connection with this Agreement; (3) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection (d); and (4) in instances in which, in the opinion of the Authority, the cost of any service or other work performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected services or other work, the difference between the invoiced amount and Authority's estimate of the reasonable cost of performing the invoiced services or other work in compliance with the requirements of this Agreement.

f. Authority's payment obligation under this Section shall survive termination of this Agreement.

22. Rights and Duties Upon Termination or Expiration

a. This Section and the following Sections of this Agreement shall survive termination or expiration of this Agreement: 8 through 11, 13 through 18, 24, 26, 27, 28, 48 through 52, 56, and 57.

b. Subject to the immediately preceding subsection (a), upon termination of this Agreement prior to expiration of the term specified in Section 2, this Agreement shall terminate and be of no further force or effect. Contractor shall transfer title to Authority, and deliver in the manner, at the times, and to the extent, if any, directed by Authority, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to Authority. This subsection shall survive termination of this Agreement.

23. Conflict of Interest

Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

24. Proprietary or Confidential Information of Authority

Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by Authority and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to Authority. Contractor agrees that all information disclosed by Authority to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

25. Notices to the Parties

Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, e-mail or by fax, and shall be addressed as follows:

To Authority: Executive Director,
Treasure Island Development
Authority
410 Avenue of the Palms
Treasure Island
San Francisco, Ca. 94130
415.274.0299 - FAX

To Contractor: Rubicon Enterprises, Inc.
Rick Aubry, President
Rubicon Enterprises, Inc.
154 South 23rd Street
Richmond, CA. 94804
(510) 412-1771
FEIN: 68-0353815
Vendor No. 46249

Any notice of default must be sent by registered mail.

26. Ownership of Results

Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Contractor or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to Authority. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

27. Works for Hire

If, in connection with services performed under this Agreement, Contractor or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the Authority. If it is ever determined that any works created by Contractor or its subcontractors under this Agreement are not works for hire under U.S. law, Contractor hereby assigns all copyrights to such works to the Authority, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the Authority, Contractor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

28. Audit and Inspection of Records

Contractor agrees to maintain and make available to the Authority, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit Authority to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than three years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon Authority by this Section.

29. Subcontracting

Contractor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by Authority in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

30. Assignment

The services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Contractor unless first approved by Authority by written instrument executed and approved in the same manner as this Agreement.

31. Non-Waiver of Rights

The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time

designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

32. Earned Income Credit (EIC) Forms

Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

a. Contractor shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Agreement becomes effective (unless Contractor has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Contractor; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

b. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Contractor of the terms of this Agreement. If, within thirty days after Contractor receives written notice of such a breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, Contractor fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the Authority may pursue any rights or remedies available under this Agreement or under applicable law.

c. Any Subcontract entered into by Contractor shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

d. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

33. Disadvantaged Business Enterprise Utilization; Liquidated Damages

a. The DBE Ordinance

Contractor, shall comply with all the requirements of the Disadvantaged Business Enterprise Ordinance set forth in Chapter 14A of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "DBE Ordinance"), provided such amendments do not materially increase Contractor's obligations or liabilities, or materially diminish Contractor's rights, under this Agreement. Such provisions of the DBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this section. Contractor's willful failure to comply with any applicable provision of the DBE Ordinance is a material breach of Contractor's obligations under this Agreement and shall entitle Authority, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the DBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, Contractor shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. Compliance and Enforcement

1. Enforcement

If Contractor willfully fails to comply with any of the provisions of the DBE Ordinance, the rules and regulations implementing the DBE Ordinance, or the provisions of this Agreement pertaining to DBE participation, Contractor shall be liable for liquidated damages in an amount equal to Contractor's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the DBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against Contractor authorized in the DBE Ordinance, including declaring the Contractor to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Contractor's DBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14A.13(B).

By entering into this Agreement, Contractor acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with City.

Contractor agrees to maintain records necessary for monitoring its compliance with the DBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

34. Nondiscrimination; Penalties

a. Contractor Shall Not Discriminate

In the performance of this Agreement, Contractor agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. Subcontracts

Contractor shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

c. Nondiscrimination in Benefits

Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

d. Condition to Contract

As a condition to this Agreement, Contractor shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

e. Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

35. MacBride Principles—Northern Ireland

Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.

36. Tropical Hardwood and Virgin Redwood Ban

Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

37. Drug-Free Workplace Policy

Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on Authority premises. Contractor agrees that any violation of this prohibition by Contractor, its employees, agents or assigns will be deemed a material breach of this Agreement.

38. Resource Conservation

Chapter 5 of the San Francisco Environment Code (“Resource Conservation”) is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

39. Compliance with Americans with Disabilities Act

Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any

violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.

40. Sunshine Ordinance

In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between Authority and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

41. Public Access to Meetings and Records

If the Contractor receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Contractor shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Contractor agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Contractor further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Contractor acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Contractor further acknowledges that such material breach of the Agreement shall be grounds for the Authority to terminate and/or not renew the Agreement, partially or in its entirety.

42. Limitations on Contributions

Through execution of this Agreement, Contractor acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services or for the furnishing of any material, supplies or equipment to the City, whenever such transaction would require approval by a City elective officer of the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for the contract until the later of either (1) the termination of negotiations for such contract or (2) three months after the date the contract is approved by the City elective officer or the board on which that City elective officer serves.

43. Requiring Minimum Compensation for Covered Employees

Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, Contractor agrees to all of the following:

a. (a) For each hour worked by a Covered Employee during a Pay Period on work funded under the City contract during the term of this Agreement, Contractor shall provide to the Covered Employee no less than the Minimum Compensation, which includes a minimum hourly wage and compensated and uncompensated time off consistent with the requirements of the MCO. For the hourly gross

compensation portion of the MCO, Contractor shall pay a minimum of \$10.77 an hour beginning January 1, 2005 and for the remainder of the term of this Agreement; provided, however, that Contractors that are Nonprofit Corporations or public entities shall pay a minimum of \$9 an hour for the term of this Agreement.

b. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to Contractor's compliance or anticipated compliance with the requirements of the MCO, for opposing any practice proscribed by the MCO, for participating in proceedings related to the MCO, or for seeking to assert or enforce any rights under the MCO by any lawful means.

c. Contractor understands and agrees that the failure to comply with the requirements of the MCO shall constitute a material breach by Contractor of the terms of this Agreement. The City, acting through the Contracting Department, shall determine whether such a breach has occurred.

d. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City, acting through the Contracting Department, shall have the right to pursue the following rights or remedies and any rights or remedies available under applicable law:

(1) The right to charge Contractor an amount equal to the difference between the Minimum Compensation and any compensation actually provided to a Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law;

(2) The right to set off all or any portion of the amount described in Subsection (d)(1) of this Section against amounts due to Contractor under this Agreement;

(3) The right to terminate this Agreement in whole or in part;

(4) In the event of a breach by Contractor of the covenant referred to in Subsection (b) of this Section, the right to seek reinstatement of the employee or to obtain other appropriate equitable relief; and

(5) The right to bar Contractor from entering into future contracts with the City for three years.

Each of the rights provided in this Subsection (d) shall be exercisable individually or in combination with any other rights or remedies available to the City. Any amounts realized by the City pursuant to this subsection shall be paid to the Covered Employee who failed to receive the required Minimum Compensation.

e. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

f. Contractor shall keep itself informed of the current requirements of the MCO, including increases to the hourly gross compensation due Covered Employees under the MCO, and shall provide prompt written notice to all Covered Employees of any increases in compensation, as well as any written communications received by the Contractor from the City, which communications are marked to indicate that they are to be distributed to Covered Employees.

g. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the MCO, including reports on subcontractors.

h. The Contractor shall provide the City with access to pertinent records after receiving a written request from the City to do so and being provided at least five (5) business days to respond.

i. The City may conduct random audits of Contractor. Random audits shall be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of Contractor every two years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the City from investigating any report of an alleged violation of the MCO.

j. Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. A subcontract means an agreement between the Contractor and a third party which requires the third party to perform all or a portion of the services covered by this Agreement. Contractor shall notify the Department of Administrative Services when it enters into such a subcontract and shall certify to the Department of Administrative Services that it has notified the subcontractor of the obligations under the MCO and has imposed the requirements of the MCO on the subcontractor through the provisions of the subcontract. It is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Contractor.

k. Each Covered Employee is a third-party beneficiary with respect to the requirements of subsections (a) and (b) of this Section, and may pursue the following remedies in the event of a breach by Contractor of subsections (a) and (b), but only after the Covered Employee has provided the notice, participated in the administrative review hearing, and waited the 21-day period required by the MCO. Contractor understands and agrees that if the Covered Employee prevails in such action, the Covered Employee may be awarded: (1) an amount equal to the difference between the Minimum Compensation and any compensation actually provided to the Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law; (2) in the event of a breach by Contractor of subsections (a) or (b), the right to seek reinstatement or to obtain other appropriate equitable relief; and (3) in the event that the Covered Employee is the prevailing party in any legal action or proceeding against Contractor arising from this Agreement, the right to obtain all costs and expenses, including reasonable attorney's fees and disbursements, incurred by the Covered Employee. Contractor also understands that the MCO provides that if Contractor prevails in any such action, Contractor may be awarded costs and expenses, including reasonable attorney's fees and disbursements, from the Covered Employee if the court determines that the Covered Employee's action was frivolous, vexatious or otherwise an act of bad faith.

l. If Contractor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Contractor shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Contractor and this department to exceed \$25,000 (\$50,000 for nonprofits) in the fiscal year.

44. Requiring Health Benefits for Covered Employees

Unless exempt, Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein... The text of the HCAO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Contractor chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission...

b. Notwithstanding the above, if the Contractor is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Contractor's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Contractor if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Contractor shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Contractor based on the Subcontractor's failure to comply, provided that City has first provided Contractor with notice and an opportunity to obtain a cure of the violation.

e. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Contractor's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Contractor shall keep itself informed of the current requirements of the HCAO.

h. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

i. Contractor shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least five business days to respond.

j. City may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with City when it conducts such audits.

k. If Contractor is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause Contractor's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Contractor and the City to be equal to or greater than \$75,000 in the fiscal year.

45. First Source Hiring Program

a. Incorporation of Administrative Code Provisions by Reference

The provisions of Chapter 83 of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 83.

b. First Source Hiring Agreement.

(1) Contractor will comply with First Source interviewing, recruitment and hiring requirements, which will provide the San Francisco Workforce Development System with the exclusive opportunity to initially provide Qualified Economically Disadvantaged Individuals for consideration for employment for Entry Level Positions. The duration of the First Source interviewing requirement shall be ten (10) days, unless business necessity requires a shorter period of time;

(2) Contractor will comply with requirements for providing timely, appropriate notification of available Entry Level Positions to the San Francisco Workforce Development System so that the System may train and refer an adequate pool of Qualified Economically Disadvantaged Individuals to participating Employers;

(3) Contractor agrees to use good faith efforts to comply with the First Source hiring requirements. A Contractor may establish its good faith efforts by filling: 1) its first available Entry Level Position with a job applicant referred through the First Source Program; and, 2) fifty percent (50%) of its subsequent available Entry Level Positions with job applicants referred through the San Francisco Workforce Development System. Failure to meet this target, while not imputing bad faith, may result in a review of the Contractor's employment records.

c. Hiring Decisions.

Contractor shall make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

d. Exceptions

Upon application by Employer, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

e. **Liquidated Damages**

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of \$2,070 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

f. **Subcontracts**

Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of Chapter 83 and shall contain contractual obligations substantially the same as those set forth in this Section.

46. Prohibition on Political Activity with City Funds

In accordance with San Francisco Administrative Code Chapter 12.G, Contractor may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. Contractor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Contractor violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Contractor from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Contractor's use of profit as a violation of this section.

47. Preservative-treated Wood Containing Arsenic

Contractor may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Contractor may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Contractor from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

48. Modification of Agreement

This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement. Contractor shall cooperate with Department to submit to the Director of HRC any amendment, modification, supplement or change order that would result in a cumulative increase of the original amount of this Agreement by more than 20%.

49. Administrative Remedy for Agreement Interpretation

Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to Director who shall decide the true meaning and intent of the Agreement.

50. Agreement Made in California; Venue

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

51. Construction

All paragraph captions are for reference only and shall not be considered in construing this Agreement.

52. Entire Agreement

This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 48.

53. Compliance with Laws

Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

54. Services Provided by Attorneys

Any services to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including, without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.

55. LEFT BLANK BY AGREEMENT OF PARTIES

Supervision of Minors

56. Severability

Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

57. Nondisclosure of Private Information

As of March 5, 2005, Contractor agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "Nondisclosure of Private Information Ordinance"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this section and not defined in this Agreement shall have the meanings assigned to such terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Contractor agrees to all of the following:

(a) Neither Contractor nor any of its Subcontractors shall disclose Private Information obtained from the Authority in the performance of this Agreement to any other Subcontractor, person, or other entity, unless one of the following is true:

(i) The disclosure is authorized by this Agreement;

(ii) The Contractor received advance written approval from the Contracting Department to disclose the information; or

(iii) The disclosure is required by law or judicial order.

(b) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement. Any disclosure or use of Private Information authorized by a Contracting Department shall be in accordance with any conditions or restrictions stated in the approval.

(c) Private Information shall mean any information that: (1) could be used to identify an individual, including without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

(d) Any failure of Contractor to comply with the Nondisclosure of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the Authority may terminate this Agreement, debar Contractor, or bring a false claim action against Contractor.

58. Graffiti Removal

Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

Contractor shall remove all graffiti from any real property owned or leased by Contractor in the City and County of San Francisco within forty eight (48) hours of the earlier of Contractor's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Contractor to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure,

marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of Contractor to comply with this section of this Agreement shall constitute an Event of Default of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

TREASURE ISLAND DEVELOPMENT
AUTHORITY

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

Printed Name

Approved as to Form:

Dennis J. Herrera
City Attorney

I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

By _____
Deputy City Attorney

Rick Aubry, President
Rubicon Enterprises, Inc.
154 South 23rd Street
Richmond, CA. 94804
(510) 412-1771
FEIN: 68-0353815

Vendor No. 46249

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APPENDICES

A: Services to be provided by Contractor

EXHIBIT A BUDGET

For an amount not to exceed \$60,417.00 per month, or \$725,000 for 12 months, Contractor will provide the following:

FY 06/07			
PARCEL	DESCRIPTION	SERVICE LEVEL	12 months FY 06
parcel 1	bldg 1, tourist stop, causeway	1	\$35,382
parcel 1A	bldg 180	1	\$8,627
parcel 2	bldg 2	1	\$21,908
parcel 3	bldg 3	1	\$9,024
parcel 4	pier 1	3	\$1,486
parcel 5	Calif. between M&I	2	\$4,961
parcel 6	picnic area tennis courts	3	\$8,947
parcel 6A	baseball field	3	\$3,161
parcel 6B	bldg 233 lift station surrounds	3	\$4,187
parcel 7	bldg 92 & surrounds	3	\$20,562
parcel 8	bldg 99, 29, & surrounds	3	\$15,210
parcel 9	demolition site		
parcel 10	legal bldg & surrounds	2	\$21,347
parcel 11	Job Corps		
parcel 12	post office	3	\$5,861
parcel 13	dog park site/playing fields	1	\$55,925
parcel 14	star barracks	2	\$31,534
parcel 15	great lawn casa chapel library	1	\$133,811
parcel 16	Nimitz conference center	2	\$20,765
parcel 17	TIHDI childcare center		
parcel 18	navy exchange	3	\$1,950

parcel 18A	CEC laydown		
parcel 18B	bldg 257	3	\$5,294
parcel 19	old brig	3	\$9,473
parcel 19A	field		
parcel 20	elementary school		
parcel 21	See adjunct item		
parcel 21A	See adjunct item		
parcel 22	fire school	3	\$2,189
parcel 23	PUC	3	\$5,001
parcel 24	brig	2	\$9,375
parcel 25	gas station		\$2,315
parcel 26	sewage treatment		
parcel 27	area near Austin Hall	1	\$2,193
parcel 27A	Austin Hall & surrounds	3	
parcel 28A	housing ir sites		
parcel 28B	housing ir sites		
parcel 29	auto hobby shop	3	\$2,996

YERBA BUENA ISLAND

Captains Park		2	\$8,571
quarters 1	Nimitz House	2	\$6,902
quarters 2-7	great whites	2	\$17,764
quarters 61		1	\$3,473
quarters 62		2	\$7,838
quarters 240			\$8,412

SUBTOTAL

\$496,443

**Adjunct Work
Items**

item 1	fire breaks	\$46,131
item 2	outer seawall	\$12,685
item 3	inner seawall	\$7,661
item 4	garbage & tourist stop	\$15,490
item 5	TI garbage cans	\$12,891
item 6	poison oak	\$1,533
item 7	annual planting & maintenance	\$23,573
item 8	diseases & insects	\$1,921
item 9	storm damage clean-up	\$30,722
item 10	inventory housing (parcel 28)	\$13,456
item 11	reservoir maintenance	\$19,161
item 12	pump station maintenance	\$5,030
item 13	parcel 21	\$12,965
item 14	parcel 21A gym & surrounds	\$19,685
item 15	parcel 27A	\$5,654
Subtotal		\$228,557
TOTAL		\$725,000
Additional Services		
CONTRACT MAXIMUM		\$725,000

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No: **8D**

Meeting Date: July 26, 2006

Subject: Resolution Authorizing a Third Amendment to the Contract with Economic and Planning Systems to Retroactively Extend the Term for an Additional Six Months Through December 31, 2006 (Action Item)

Staff Contact: Jack Sylvan, Mayor's Office of Base Reuse and Development

BACKGROUND

The Treasure Island Development Authority (Authority), working through the Office of Base Reuse and Development (OBRD), is currently engaged in a simultaneous, dual track process of negotiating transfer of the property from the U.S. Navy and negotiating a development plan and agreement with a master developer for the economic redevelopment of former Naval Station Treasure Island. An integral component of these interlinked negotiations is iterative financial feasibility and fiscal impacts evaluations. The Authority, like most public agencies with the responsibility of managing a development project of this complexity, has and will continue to rely on third party consultants with the technical expertise to assist with these services. On September 8, 2004, the Authority approved a contract with EPS to provide economic and real estate consulting services to assist the Authority in its negotiations with both the prospective master developer and the U.S. Navy. The contract was amended in April 2006 to increase the budget by \$35,000 for a total not-to-exceed amount of \$185,000.

The scope of work with EPS consists of the following tasks:

- (1) Disposition and Development Negotiations with the master developer,
- (2) Negotiations with the U.S. Navy, and
- (3) Fiscal Analysis relevant to both of the prior tasks.

DISCUSSION

The prior contract term of June 30, 2006 coincided with the development schedule that anticipated completion of the Term Sheet by this date. As the Authority has been briefed, completion of the Term Sheet will require additional time. In another agenda item in this Authority Board packet, staff is recommending that the milestone date for completion of the Term Sheet in the Exclusive Negotiating Agreement with Treasure Island Community Development be extended on a month-to-month basis not to exceed six months. The recommended contract extension with EPS is consistent with this recommendation in order to utilize EPS' services to achieve Term Sheet completion.

Assuming that the Term Sheet is approved by the Authority Board and Board of Supervisors, staff will need to return to the Authority with another proposed contract amendment with a revised scope of work and request for additional budget to complete negotiations with both the master developer and the U.S. Navy. As with all funds spent by the Authority on development planning, any funds approved by the Authority Board as part of the EPS contract will be recoverable via reimbursement from TICD under the terms in the Exclusive Negotiating Agreement.

RECOMMENDATION

Staff recommends approval of the third amendment to the contract with EPS retroactively extending the term through December 31, 2006.

EXHIBITS

- A Third Amendment to Contract with EPS

1 [Authorization to Execute 3rd Amendment to Contract with EPS]

2 **Authorizing a Third Amendment to the contract with Economic and Planning Systems**
3 **for economic consulting services in support of negotiations with the U.S. Navy and the**
4 **Master Developer by Retroactively Extending the Term for an Additional Six Months**
5 **Through December 31, 2006.**

6 WHEREAS, Former Naval Station Treasure Island is a military base located on
7 Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by
8 the United States of America ("the Federal Government"); and,

9 WHEREAS, Treasure Island was selected for closure and disposition by the Base
10 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
11 subsequent amendments; and,

12 WHEREAS, In 1995 the General Services Administration and the Bureau of Land
13 Management determined that Yerba Buena Island was surplus to the federal Government's
14 needs and could be transferred to the administrative jurisdiction of the Department of Defense
15 under the Base Closure and Realignment Act of 1990 and disposed of together with Treasure
16 Island; and,

17 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
18 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
19 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
20 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
21 conversion of the Base for the public interest, convenience, welfare and common benefit of
22 the inhabitants of the City and County of San Francisco; and,

23 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
24 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
25 1333 of the Statutes of 1968 (the "Act"), the California Legislature (l) designated the Authority

1 as a redevelopment agency under California redevelopment law with authority over the
2 upon approval of the City's Board of Supervisors, and (ii) with respect to those portions o
3 Base which are subject to Tidelands Trust, vested in the Authority the Authority to admini
4 the public trust for commerce, navigation and fisheries as to such property; and,

5 WHEREAS, The Board of Supervisors approved the designation of the Authority
6 redevelopment agency for Treasure Island in 1997; and,

7 WHEREAS, The Authority issued a Request for Proposals ("RFP") for Consul
8 services to assist the Authority in preparation of an Economic Development Convey
9 (EDC) Application and the creation and adoption of a Redevelopment Plan for former N
10 Station Treasure Island on July 15, 1998 ; and,

11 WHEREAS, Economic and Planning Systems (EPS) responded to the RFP a
12 member of the Sedway Group team to provide economic consulting services; and,

13 WHEREAS, The Authority authorized the Executive Director to execute a contract
14 the Sedway team based on the fact that the Sedway team was the highest ranked respon
15 to the RFP; and,

16 WHEREAS, The EDC application has been completed, as specified under the term
17 the contract; and,

18 WHEREAS, In response to a Navy request, EPS assisted the Authority in 200
19 updating the original EDC Application; and,

20 WHEREAS, On September 8, 2004, the Authority authorized the Executive Direct
21 execute a new contract with EPS to provide economic consulting services expecte
22 complete the process of negotiating a transfer of property with the Navy and completion o
23 Disposition and Development Agreement with the master developer in an amount no
24 exceed \$150,000; and

25

1 WHEREAS, On December 14, 2005, the Authority authorized the Executive Director to
2 extend the term of the contract with EPS to June 30, 2006, a timeframe that was consistent
3 with the Authority's schedule for endorsement of a Development Plan by the Authority Board
4 and Board of Supervisors; and,

5 WHEREAS, On April 17, 2006 the Authority approved a contract amendment
6 increasing the budget by \$35,000 for a total not-to-exceed contract amount of \$185,000; and

7 WHEREAS, the milestone date for completion of a Term Sheet, including endorsement
8 by the Authority Board and Board of Supervisors, has been extended on a month-to-month
9 basis not to exceed six months; and

10 WHEREAS, the Authority requires the continued services of EPS during the completion
11 of the Term Sheet consistent with the new timeframe; now therefore be it

12 RESOLVED, That the Authority hereby authorizes the City Administrator or his
13 designee to execute a third amendment to the contract with EPS to assist the Authority with
14 economic consulting services in support of negotiations with the Navy and the master
15 developer by retroactively extending the term for an additional six months, in substantially the
16 form attached to this resolution as Exhibit A.

17
18 **CERTIFICATE OF SECRETARY**

19 *I hereby certify that I am the duly elected and acting Secretary of the Treasure Island*
20 *Development Authority, a California nonprofit public benefit corporation, and that the above*
21 *Resolution was duly adopted and approved by the Board of Directors of the Authority at a*
22 *properly noticed meeting on July 26, 2006.*
23

24
25

Claudine Cheng, President



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

**TREASURE ISLAND DEVELOPMENT AUTHORITY
CITY AND COUNTY OF SAN FRANCISCO**

THIRD AMENDMENT

THIS THIRD AMENDMENT (this "Amendment") is made as of July 1, 2006, in San Francisco, California, by and between Economic and Planning Systems ("Contractor"), and the Treasure Island Development Authority, a municipal corporation ("Authority"), acting by and through its Executive Director ("Executive Director").

RECITALS

WHEREAS, Authority and Contractor have entered into the Agreement (as defined below); and

WHEREAS, Authority and Contractor desire to modify the Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, Contractor and the Authority agree as follows:

1. Definitions. The following definitions shall apply to this Amendment:

(a) **Agreement.** The term "Agreement" shall mean the Agreement dated September 1, 2004 between Contractor and Authority, as amended by a First Amendment dated January 1, 2006 and a Second Amendment dated April 17, 2006.

(b) **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

2. Modifications to the Agreement. The Agreement is hereby modified as follows:

(a) **Section 2, Term of the Agreement,** is hereby amended to read as follows:

Subject to Section 1, the term of this Agreement shall be from September 1, 2004 through December 31, 2006.

3. Effective Date. Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

4. Legal Effect. Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and Authority have executed this Amendment as of the date first referenced above.

AUTHORITY

Recommended by:

Treasure Island Development Authority

Approved as to form

Dennis J. Herrera
City Attorney

By _____
Deputy City Attorney

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood Paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

James R. Musbach, Managing Principal
Economic and Planning Systems (EPS)
2501 Ninth St. Suite 200
Berkeley, CA 94710
Tel: 510/398-2853
Fax: 510/841-9208
FEIN:

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No: **8E**

Meeting Date: July 26, 2006

Subject: Resolution Authorizing an Amendment to the Contract with Seifel Consulting Inc. to Retroactively Extend the Term for an Additional 12 Months through June 30, 2007 (Action Item)

Staff Contact: Jack Sylvan, Mayor's Office of Base Reuse and Development

BACKGROUND

On August 14, 2002, the Authority awarded a contract to Seifel Consulting to complete a redevelopment plan for Treasure Island for the not-to-exceed amount of \$129,600. Seifel Consulting has completed several components of the scope of work in the contract, including preparation of a Preliminary Plan and a Preliminary Report. The Authority has approved several amendments to the contract amending the term, most recently extending the term through June 30, 2006 at the June 8, 2005 meeting.

During Fall 2003 it was determined that the preparation of the redevelopment plan and related documents should be closely integrated with the land use planning process currently underway. Consequently, the Authority Board was notified that work on the redevelopment plan would be delayed and the master planning schedule has been based on the premise that the timing for re-engaging in the redevelopment planning process, as well as initiating further CEQA review, will be after the term sheet has been presented to the Citizen's Advisory Board, Treasure Island Development Authority Board and Board of Supervisors. Currently, that is anticipated to occur in summer and fall of 2006. After this step, staff will need to re-engage the services of Seifel Consulting to complete the redevelopment planning process on a concurrent basis with CEQA review and development of the Disposition and Development Agreement.

The proposed contract extension will allow staff to continue to work with Seifel Consulting during the land planning process and to refine the scope of work necessary to complete the preparation and adoption of a redevelopment plan. The amendment also updates the billing rates for the contract. This contract amendment does not change the scope of services, budget or any other terms of the contract. Any future amendment to the scope of work or the amount of the contract will be subject to the approval of the Authority Board.

RECOMMENDATION

Staff recommends approval of the contract extension through June 30, 2007.

EXHIBIT

A Fourth Amendment to Contract with Seifel Consulting Inc.

[Amending the contract with Seifel Consulting to Extend Term]

AUTHORIZING A FOURTH AMENDMENT TO THE CONTRACT WITH SEIFEL CONSULTING INC. TO RETROACTIVELY EXTEND THE TERM OF THE CONTRACT FOR CONSULTING SERVICES RELATED TO THE ESTABLISHMENT OF A REDEVELOPMENT PROJECT AREA FOR FORMER NAVAL STATION TREASURE ISLAND FOR AN ADDITIONAL TWELVE (12) MONTHS.

WHEREAS, former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, ~~Treasure Island was selected for closure and disposition by the~~ Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, ~~authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment,~~ reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, ~~convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,~~

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code, and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the Base which are subject to the Tidelands Trust,

1 vested in the Authority the power to administer the public trust for commerce, navigation
2 and fisheries as to such property; and

3 WHEREAS, The Board of Supervisors approved the designation of the Authority
4 as a redevelopment agency for Treasure Island in 1997; and,

5 WHEREAS, The Authority issued a Request for Proposals ("RFP") for consultant
6 services to assist the Authority in the preparation of an Economic Development
7 Conveyance (EDC) Application and the creation and adoption of a redevelopment plan
8 for former naval station Treasure Island on July 15, 1998; and

9 WHEREAS, Seifel Consulting Inc. responded to the RFP as a member of the
10 Sedway Group team to provide redevelopment consulting services; and,

11 WHEREAS, The Authority authorized the executive director to execute a contract
12 with the Sedway team because Sedway was the highest ranked respondent to the RFP;
13 and

14 WHEREAS, The EDC application has been completed as specified in the
15 contract, but the scope of work to complete the Redevelopment Plan was delayed due
16 to delays in the Navy's environmental review process; and,

17 WHEREAS, The Authority authorized the executive director to execute a contract
18 to complete the redevelopment planning process for an amount not-to-exceed
19 \$129,600 with Seifel Consulting on August 14, 2002; and

20 WHEREAS, The Authority approved First, Second and Third amendments to the
21 contract extending the term; and

22 WHEREAS, There is a need to coordinate the redevelopment planning process
23 with the land planning process which is currently underway with the Primary Developer
24 and the development planning schedule anticipates re-engaging the redevelopment
25

1 planning process after a term sheet has been presented to the TI/YBI Citizen's Advisory
2 Board, the Authority Board and the Board of Supervisors; and

3 WHEREAS, The contract with Seifel Consulting, Inc. expired on June 30, 2006,
4 and the Authority wishes to extend the contract for an additional twelve (12) months to
5 continue the redevelopment planning process, with no increase in the amount of the
6 contract budget; now therefore be it

7 RESOLVED, That the Authority hereby authorizes the City Administrator or his
8 designee to amend the contract with Seifel Consulting to retroactively extend the term
9 of the contract for an additional twelve (12) months through June 30, 2007 at no
10 additional increase in the total contract amount, to enable Seifel Consulting to complete
11 its work assisting the Authority in the creation and adoption of a redevelopment plan for
12 former Naval Station Treasure Island.

13
14 **CERTIFICATE OF SECRETARY**

15
16 *I hereby certify that I am the duly elected and acting Secretary of the*
17 *Treasure Island Development Authority, a California nonprofit public benefit*
18 *corporation, and that the above Resolution was duly adopted and approved by*
19 *the Board of Directors of the Authority at a properly noticed meeting on July 26,*
20 *2006.*

21
22
23 _____
24 Claudine Cheng, President
25



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

**TREASURE ISLAND DEVELOPMENT AUTHORITY
CITY AND COUNTY OF SAN FRANCISCO**

FOURTH AMENDMENT

THIS FOURTH AMENDMENT (this "Amendment") is made as of July 1, 2006, in San Francisco, California, by and between Seifel Consulting, Inc. ("Contractor"), and the Treasure Island Development Authority, a municipal corporation ("Authority"), acting by and through its Executive Director ("Executive Director").

RECITALS

WHEREAS, Authority and Contractor have entered into the Agreement (as defined below); and

WHEREAS, Authority and Contractor desire to modify the Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, Contractor and the Authority agree as follows:

1. Definitions. The following definitions shall apply to this Amendment:

(a) **Agreement.** The term "Agreement" shall mean the Agreement dated July 1, 2002 between Contractor and Authority, as amended by a First Amendment dated January 1, 2004, a Second Amendment dated July 1, 2004 and a Third Amendment dated July 1, 2005.

(b) **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

2. Modifications to the Agreement. The Agreement is hereby modified as follows:

(a) **Section 2. Term of the Agreement,** is hereby amended to read as follows:

Subject to Section 1, the term of this Agreement shall be from July 1, 2002 to June 30, 2007.

(b) **Table 1 & Table 2. Budget,** is hereby amended to read as follows:

Seifel Consulting Inc. bills on a time and materials basis, using the following rates for 2006. Billing rates are subject to annual revision.

2006 Hourly Rates (Time)

<i>Seifel Consulting Inc.</i>	
Elizabeth Seifel, President	\$200
Principal	\$185
Managing Consultant	\$160
Senior Consultant	\$130
Consultant	\$115

Analyst	\$105
Research Assistant	\$95
Document Processing/Graphics	\$70

Subcontractor Billing Rates for Key Participants

McDonough Holland & Allen

Joseph Coomes, Partner \$330

Other Attorneys as needed See billing rate sheet

Plus: Administrative Fee of 4% for billings

Kitahata & Company

Gary Kitahata, Principal \$250

3. **Effective Date.** Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

4. **Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and Authority have executed this Amendment as of the date first referenced above.

AUTHORITY

Recommended by:

Treasure Island Development Authority

Approved as to form

Dennis J. Herrera
City Attorney

By _____
Deputy City Attorney

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

Elizabeth Seifel, President
Seifel Consulting Inc.
221 Main St., Suite 420
San Francisco, CA 94105
FEIN: 94-3225313
Vendor No: 32122

Seifel Consulting Inc.

2006 Billing Rates

Seifel Consulting Inc. bills on a time and materials basis, using the following rates for 2006. Billing rates are subject to annual revision.

2006 Hourly Rates (Time)

Elizabeth Seifel, President	\$200
Principal	\$185
Managing Consultant	\$160
Senior Consultant	\$130
Consultant	\$115
Analyst	\$105
Research Assistant	\$95
Document Processing/Graphics	\$70

Testimony as expert witness at court trials, administrative hearings, and depositions will be billed at 200 percent of the above rates. Travel time is billed at 50 percent of above rates.

Expenses (Materials)

Seifel Consulting Inc. bills expenses as follows:

- Telephone charges are computed at 2 percent of billed professional services.
- Automobile mileage charges are based on the Internal Revenue Service Optional Standard Mileage Rate.
- Photocopying/report reproduction charges are 10 cents per page, except for bulk reproduction of reports, which is charged on a direct reimbursable basis.
- Delivery service charges are at cost.
- Per diem and travel expenses, including airfare, automobile rental and hotel (if necessary) are charged at actual cost.
- All remaining expenses are billed on a direct reimbursable basis with receipts above \$20 provided as evidence upon request.

Subcontractor Management

Upon client approval, where Seifel Consulting Inc. is managing subcontractor(s), a contract administrative charge of 10 percent will be applied to all subcontractor invoices.



221 Main Street,
Suite 420
San Francisco CA
94105
415.618.0700
www.seifel.com

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No: **8F**

Meeting Date: July 26, 2006

Subject: Resolution Authorizing an Amendment to the Contract with URS to Retroactively Extend the Term Through August 31, 2006 for the Preparation of a Programmatic Environmental Impact Report for the Transfer of Former Naval Station Treasure Island (Action Item)

Staff Contact: Jack Sylvan, Mayor's Office of Base Reuse and Development

BACKGROUND

The transfer of former Naval Station Treasure Island (the "Base") from the Department of the Navy to the Authority requires two environmental evaluations: an Environmental Impact Statement ("EIS") that complies with the National Environmental Protection Act ("NEPA") and an Environmental Impact Report ("EIR") that complies with the California Environmental Quality Act (CEQA).

The Programmatic EIR for the Transfer and Reuse of Naval Station Treasure Island was certified at a joint hearing of the Authority and San Francisco Planning Commission on May 5, 2005. The final step in the process was for URS, working with the Planning Department's division of Major Environmental Analysis (MEA), to prepare a Final EIR. The Final EIR consists of combining the Draft EIR and the Comments and Responses document into one document. That document is then transmitted to the distribution list that has been used throughout the public review process. All of the steps have been completed with the exception of distributing the Final EIR. URS has prepared the Final EIR and has been awaiting direction from MEA, which is anticipated to occur after this contract amendment has been approved.

This contract amendment retroactively extends the term of the contract through August 31, 2006 to facilitate production and distribution of the Final EIR document. The amendment also makes current the billing rates for URS and their subcontractors.

RECOMMENDATION

Staff recommends approval of the contract amendment so that URS can complete their work on producing and distributing the FEIR.

EXHIBITS

A Seventh Amendment to Contract with URS

1 **[Authorizing an extension to the URS Contract]**

2 **Authorizing an amendment to the contract with URS to retroactively extend the term of**
3 **the contract through August 31, 2006 for the preparation of a programmatic**
4 **environmental impact report for the transfer of former Naval Station Treasure Island.**

5 WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed
6 Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a
7 nonprofit public benefit corporation known as the Treasure Island Development Authority (the
8 "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction,
9 rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for
10 the public interest, convenience, welfare and common benefit of the inhabitants of the City
11 and County of San Francisco; and,

12 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
13 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
14 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority
15 as a redevelopment agency under California redevelopment law with authority over the Base
16 upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the
17 Base which are subject to the Tidelands Trust, vested in the Authority the authority to
18 administer the public trust for commerce, navigation and fisheries as to such property; and,

19 WHEREAS, The conveyance and redevelopment of the Base requires environmental
20 review under the National Environmental Protection Act (NEPA) resulting in an Environmental
21 Impact Statement (EIS) and review under the California Environmental Quality Act (CEQA)
22 resulting in an Environmental Impact Report (EIR); and,

23 WHEREAS, The Authority, working with the City's Planning Department Staff, and the
24 United States Navy, worked together to produce a joint EIR/EIS for the disposal and reuse of
25 the Base; and,

1 WHEREAS, After reviewing multiple drafts of the joint document, staff expressed
2 concern to the Navy about the adequacy of the document from a CEQA perspective; and,

3 WHEREAS, The Navy was unwilling to make changes to the joint document necessary
4 for CEQA compliance; and,

5 WHEREAS, The Authority, in conjunction with City Staff determined that it was in the
6 Authority's best interest to complete a programmatic EIR independent of the Navy; and,

7 WHEREAS, On June 14, 2000, the Authority authorized the issuance of a Request for
8 Proposals (RFP) for environmental consulting services related to the preparation of a
9 programmatic EIR; and,

10 WHEREAS, the Authority received three responses to the RFP and a selection
11 committee determined that URS was the superior respondent based on their project
12 approach, understanding of the assignment, and composition and experience of the team;
13 and,

14 WHEREAS, On March 14, 2001, the Authority authorized staff to execute a contract
15 with URS to complete the programmatic EIR for the Base; and,

16 WHEREAS, On July 16, 2003, the Authority amended the Scope of Work of the
17 contract to (i) reflect delays in the project schedule; (ii) include additional analysis for select
18 resource areas; and (iii) provide for the review of public comments made during the Navy's
19 EIS process and on February 11, 2004 the term of the contract was extended through June
20 30, 2004; and,

21 WHEREAS, The Authority has approved several contract extensions, most recently
22 through June 30, 2005; and,

23 WHEREAS, The EIR was certified at a joint hearing between the Authority and the San
24 Francisco Planning Commission on May 5, 2005; and,

25

1 WHEREAS, URS has prepared the Final EIR and has been awaiting direction from the
2 Planning Department division of Major Environmental Analysis regarding distribution of final
3 reports and this final step must be completed for URS to complete the scope of work in their
4 contract; now, therefore, be it

5 RESOLVED, That the Authority hereby authorizes the City Administrator or his
6 designee to execute an amendment to the contract with the URS Corporation to retroactively
7 extend the term of the contract through August 31, 2006.

8
9 **CERTIFICATE OF SECRETARY**

10 *I hereby certify that I am the duly elected and acting Secretary of the Treasure Island*
11 *Development Authority, a California nonprofit public benefit corporation, and that the above*
12 *Resolution was duly adopted and approved by the Board of Directors of the Authority at a*
13 *properly noticed meeting on July 26, 2006.*
14

15
16 **Claudine Cheng, President**
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**TREASURE ISLAND DEVELOPMENT AUTHORITY
CITY AND COUNTY OF SAN FRANCISCO**

SEVENTH AMENDMENT

THIS SEVENTH AMENDMENT (this "Amendment") is made as of July 1, 2006, in San Francisco, California, by and between URS Corporation, a Nevada corporation dba URS Corporation Americas, ("Contractor"), and the Treasure Island Development Authority, a municipal corporation ("Authority"), acting by and through its Executive Director ("Executive Director").

RECITALS

WHEREAS, Authority and Contractor have entered into the Agreement (as defined below); and

WHEREAS, Authority and Contractor desire to modify the Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, Contractor and the Authority agree as follows:

1. Definitions. The following definitions shall apply to this Amendment:

(a) **Agreement.** The term "Agreement" shall mean the Agreement dated March 1, 2001 between Contractor and Authority, as amended by a First Amendment dated July 1, 2002, a Second Amendment dated April 1, 2003, a Third Amendment dated January 1, 2004, a Fourth Amendment dated April 1, 2004, a Fifth Amendment dated July 1, 2004 and a Sixth Amendment dated November 10, 2004.

(b) **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

2. Modifications to the Agreement. The Agreement is hereby modified as follows:

(a) **Section 2, Term of the Agreement,** is hereby amended to read as follows:

Subject to Section 1, the term of this Agreement shall be from April 1, 2001 to August 31, 2006.

(b) **Appendix A,** is hereby amended to read as follows:

Hourly Rates for Personnel

URS Corporation

Heick D	175.48
Austin I	168.73
Golden, F	172.57
Green R	151.86
Haggerty K	95.62
Martin B	116.99

Lague J	168.73
Leach S	134.98
Morgan S	113.61
Morgan-Butcher N	160.86
Sweet T	149.60
Staff Scientist/Engineer	106.86
Staff Environmental Analyst	96.53
Technical Editor	81.00
Graphics	74.25
Administrative/Clerical	73.11
Word Processing	68.62

Subcontractors

Mara Feeney & Associates	
Feeney M	\$151.86
The Duffey Company	
Kohlstrand R	\$130.49
JRP Historical Inc	
Mikesell S	\$82.12
Stephen Sheppard, Ph.D.	\$112.49

Actual costs for direct expenses, subject to the approval of Authority.

3. Effective Date. Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

4. Legal Effect. Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and Authority have executed this Amendment as of the date first referenced above.

AUTHORITY

Recommended by:

Treasure Island Development Authority

Approved as to form

Dennis J. Herrera
City Attorney

By _____
Deputy City Attorney

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

Denise Heick, Vice President
URS Corporation
221 Main Street Suite 600
San Francisco CA 94105-1917
(415) 896-5858
FEIN: 94-1716908
Vendor No: 19103

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No: **8G**

Meeting Date: July 26, 2006

Subject: Resolution Authorizing an Amendment to the Contract with CH2M Hill to Retroactively Extend the Term for an Additional 12 Months through June 30, 2007 (Action Item)

Staff Contact: Jack Sylvan, Mayor's Office of Base Reuse and Development

BACKGROUND

In December 2002, the Authority formally requested the Navy commence negotiating an "Early Transfer" of former Naval Station Treasure Island ("NSTI") to the Authority pursuant to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and the Defense Environmental Restoration Program ("DERP"). Under the DERP, the Navy is authorized to enter into an agreement with local agencies, such as the Authority, to carry out aspects of the Navy's remedial obligations with funds provided by the Navy after an "Early Transfer." Under an Early Transfer, the terms for transferring the Navy's remedial obligations to the Authority, including the amount of funds to be made available for investigation and remediation of contamination at the base, are set forth in an Environmental Services Cooperative Agreement ("ESCA"), to be negotiated between the Navy and the Authority.

In March 2003, the Authority issued a Request for Qualifications ("RFQ") for a guaranteed fixed-price contractor to assist the Authority in negotiations and implementation of an Early Transfer with the U.S. Navy. A selection committee concluded that the most qualified Candidate was CH2M HILL and on May 14, 2003, the Authority authorized the execution of a contract for environmental engineering and remediation services in a not-to-exceed amount of \$302,500 with a term expiration of June 30, 2004. The Authority approved Second and Third Amendments to the contract extending the term through June 30, 2006. The Second Amendment also modified the scope of Phase I of the contract and increased the budget by an additional \$200,000 for the modified Phase I scope.

As the Authority Board has been briefed in open and closed sessions, negotiations with the Navy for an Early Transfer of former NSTI have taken longer than initially projected and remain on going. However, staff believes it is important to continue exploring the feasibility of an Early Transfer with the Navy.

The proposed amendment only extends the term of the contract with CH2M Hill for an additional 12 months, through June 30, 2007. All other terms, scope of work and budget remain the same.

RECOMMENDATION

Staff recommends approval of the amendment to the contract with CH2M Hill to continue to facilitate Early Transfer planning and term sheet negotiations with the Navy.

EXHIBITS

- A** Fourth Amendment to Contract with CH2M Hill

1 [Authorizing a twelve month extension to the contract with CH2M Hill]
2 **AUTHORIZING AN AMENDMENT TO THE CONTRACT WITH CH2M HILL TO**
3 **RETROACTIVELY EXTEND THE TERM THEREOF FOR AN ADDITIONAL TWELVE (12)**
4 **MONTHS FOR A TERM NOT TO EXCEED JUNE 30, 2007.**

5 WHEREAS, Former Naval Station Treasure Island is a military base located on
6 Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by
7 the United States of America ("the Federal Government"); and,

8 WHEREAS, The Base was selected for closure and disposition by the Base
9 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
10 subsequent amendments; and,

11 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
12 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
13 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
14 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
15 conversion of the Base for the public interest, convenience, welfare and common benefit of
16 the inhabitants of the City and County of San Francisco; and,

17 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
18 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
19 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Authority
20 as a redevelopment agency under California redevelopment law with authority over the Base
21 upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the
22 Base which are subject to Tidelands Trust, vested in the Authority the authority to administer
23 the public trust for commerce, navigation and fisheries as to such property; and,

24 WHEREAS, The Tidelands Trust prohibits the sale of trust property into private
25 ownership, generally requires that Tidelands Trust property be accessible to the public and

1 encourages public-oriented uses of Trust property that, among other things, attract people
2 the waterfront, promote public recreation, protect habitat and preserve open space; and,

3 WHEREAS, In December 2002, the Authority formally requested the Navy commence
4 negotiating an "Early Transfer" of former Naval Station Treasure Island ("NSTI") to the
5 Authority pursuant to the Comprehensive Environmental Response, Compensation and
6 Liability Act ("CERCLA") and the Defense Environmental Restoration Program ("DERP");

7 WHEREAS, Under the DERP, the Navy is authorized to enter into an agreement with
8 local agencies, such as the Authority, to carry out aspects of the Navy's remedial obligations
9 with funds provided by the Navy after an early transfer by FOSET; and,

10 WHEREAS, The terms for transferring the Navy's remedial obligations to the Authority
11 including the amount of funds to be made available for investigation and remediation of
12 contamination at the base, will be set forth in an Environmental Services Cooperation
13 Agreement ("ESCA"), to be negotiated between the Navy and the Authority; and,

14 WHEREAS, To ensure that the Authority can complete investigation and remediation
15 of the Base, as contemplated by the ESCA and the Consent Agreement (the "Remediation
16 the Authority desires to enter into a guaranteed fixed-price ("GFP") contract with
17 environmental engineering and remediation contractor (the "Contractor") to undertake
18 Remediation; and,

19 WHEREAS, On February 12, 2003, the Authority authorized a contract with Geomatrix
20 to assist in preparing a Request for Qualifications ("RFQ") for a GFP Contractor; and

21 WHEREAS, On March 12, 2003, the Authority authorized the Executive Director to
22 issue the RFQ; and,

23 WHEREAS, On March 17, 2003, the RFQ was issued to approximately 65 interested
24 parties, and a Supplement to the RFP was issued on April 8, 2003; and,

25

1 WHEREAS, CH2M HILL was identified by a Selection Committee as the most qualified
2 candidate to perform the scope of work set forth in the RFQ; and,

3 WHEREAS, On May 14, 2003, the Authority approved a contract with CH2M Hill to
4 provide environmental engineering services and assist the Authority in negotiating an Early
5 Transfer of former Naval Station Treasure Island with the Navy. Under that contract, CH2M
6 HILL is required to, among other things, work with the Authority staff and consultants and
7 meet and consult with the Navy, regulators and other interested parties, to prepare a cost
8 estimate and scope of work for the remediation effort; assist the Authority in negotiating the
9 terms and language of an ESCA, Consent Agreement and insurance policies with the
10 relevant parties; and negotiate a GFP contract with the Authority, including satisfactory
11 environmental insurance; and,

12 WHEREAS, The schedule for the negotiations with the Navy has been significantly
13 extended; and,

14 WHEREAS, On November 10, 2004, the Authority approved an amendment to the
15 contract to modify the scope of services and increase the amount of the contract by an
16 additional \$200,000 for a total not to exceed amount of \$302,500 for Phase 1 services; and,

17 WHEREAS, On June 8, 2005, the Authority approved an amendment to the contract
18 extending the term for 12 months through June 30, 2006; and,

19 WHEREAS, The Authority wishes to continue to explore the feasibility of an Early
20 Transfer through the vehicle of term sheet negotiations with the Navy, and requires the
21 continued services of CH2M Hill for these purposes; and,

22 WHEREAS, The Authority wishes to retroactively extend the term of such contract by
23 an additional twelve (12) months with no increase in the total amount of the contract; now
24 therefore be it
25



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

**TREASURE ISLAND DEVELOPMENT AUTHORITY
CITY AND COUNTY OF SAN FRANCISCO**

FOURTH AMENDMENT

THIS FOURTH AMENDMENT (this "Amendment") is made as of July 1, 2006, in San Francisco, California, by and between CH2M Hill Constructors, Inc., a Delaware corporation, ("Contractor"), and the Treasure Island Development Authority, a municipal corporation ("Authority"), acting by and through its Executive Director ("Executive Director").

RECITALS

WHEREAS, Authority and Contractor have entered into the Agreement (as defined below); and

WHEREAS, Authority and Contractor desire to modify the Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, Contractor and the Authority agree as follows:

1. Definitions. The following definitions shall apply to this Amendment:

(a) **Agreement.** The term "Agreement" shall mean the Agreement dated May 14, 2003 between Contractor and Authority, as amended by a First Amendment dated July 1, 2004, a Second Amendment dated September 16, 2004 and a Third Amendment dated July 1, 2005.

(b) **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

2. Modifications to the Agreement. The Agreement is hereby modified as follows:

(a) **Section 2. Term of the Agreement,** is hereby amended to read as follows:

Subject to Section 1, the term of this Agreement shall be from May 14, 2003 to June 30, 2007.

3. Effective Date. Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

4. Legal Effect. Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and Authority have executed this Amendment as of the date first referenced above.

AUTHORITY

Recommended by:

Treasure Island Development Authority

Approved as to form

— Dennis J. Herrera
City Attorney

By _____
Deputy City Attorney

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

James Greeley, Vice President
CH2M HILL Constructors, Inc.
115 Perimeter Place N.E. Suite 700
Atlanta, GA 30346
(770) 604-9095
FEIN: 84-1230545
Vendor No: 62917

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No: **9**

Meeting Date: July 26, 2006

Subject: Resolution Authorizing an Amendment to the Schedule of Performance Set Forth in the Exclusive Negotiating Agreement with Treasure Island Community Development, LLC by Extending the Milestone Date for Completion of a Term Sheet on a Month-to-Month Basis Not to Exceed Six Months (Action Item)

Staff Contact: Michael Cohen, Mayor's Office of Base Reuse and Development
Jack Sylvan, Mayor's Office of Base Reuse and Development

BACKGROUND

After an almost 2-year public RFQ/RFP process soliciting a "master developer", on April 9, 2003, the Authority approved entering into an Exclusive Negotiating Agreement (ENA) with Treasure Island Community Development, LLC (TICD) for the redevelopment of former Naval Station Treasure Island. Among other things, the ENA outlined the structure by which the Authority and TICD would engage in good-faith negotiations for the planning and development of the island over the term of the agreement. At its September 14, 2005 meeting, the Authority approved the Amended and Restated Exclusive Negotiating Agreement (Amended ENA) which extended the term of the agreement through June 30, 2008. The Amended ENA also included a Schedule of Performance that anticipated completion of a Term Sheet by June 30, 2006 as an interim milestone.

For the reasons described below, completion of the Term Sheet will require additional time and work beyond the June 30 date. In November and December of 2005, TICD presented a revised land use plan that was a significant evolution in the project – an evolution that directly responded to consistent public comment over the previous two years of planning and review and which received overwhelmingly positive feedback and support. This shift in the project required revisiting aspects of the project that had previously been developed in draft form, such as the housing, infrastructure and transportation plans, including additional due diligence with regards to engineering, cost estimating, traffic analysis, etc that have required significant time and resources.

During the past nine months plans have been presented publicly related to the Land Use, Open Space, Housing, Infrastructure, Community Facilities, Transportation, Fiscal Impacts, and Phasing elements of the Term Sheet. All of these plans have been presented to the CAB and TIDA Board, at least once and some have been presented multiple times. Several of these plans have been presented to the Board of Supervisors Land Use and Economic Development Committee. A public workshop has been held to specifically address the sustainability

component of the project, as well as a hearing at the Commission on the Environment Policy Subcommittee. All told, there have been approximately 30 public meetings on the project since September. This commitment to extensive public process absolutely benefits the project. It also can extend the timeframes required to properly vet the plans and, consequently, to refine the project accordingly.

In recognition of the fact that substantial progress has been made over the past 9 months, many key stakeholders involved in the public review process have submitted letters to the Authority requesting that the timeframe for completion of the Term Sheet and endorsement by the Authority and Board of Supervisors be extended. This will enable the Term Sheet, which synthesizes all of the individual project plans into one comprehensive document, to be given the proper opportunity for public vetting. These letters are included in Exhibit B.

Staff believes that extending the milestone date for completion of the Term Sheet is appropriate for the following reasons:

1. Substantial progress has been and continues to be made on the project plans, which have received overwhelming public support, and TICA continues to commit the necessary resources and negotiate in good faith with not just TIDA, but also TIHDI and the public.
2. The package of public benefits associated with the project that are at stake for the City are unprecedented in the City's history and merit moving forward to realize them. These benefits include the contribution of hundreds of millions of dollars for affordable housing, including the realization of the ambitious vision of the Treasure Island Homeless Development Initiative; more than 300 acres of a system of waterfront parks and open spaces, the scale of which is unprecedented for the City since the development of Golden Gate Park; the development of an entirely new infrastructure system serving current and future Treasure Island; and the opportunity to create thousands of construction and permanent jobs, with a substantial portion of those jobs targeted for those that most need them. All of this will be provided at zero cost to the City's general fund.
3. The planning and negotiations that support TIDA is costing neither the City nor the Authority a dollar. TICA reimburses the Authority for 100% of its redevelopment planning costs under the terms of the ENA.

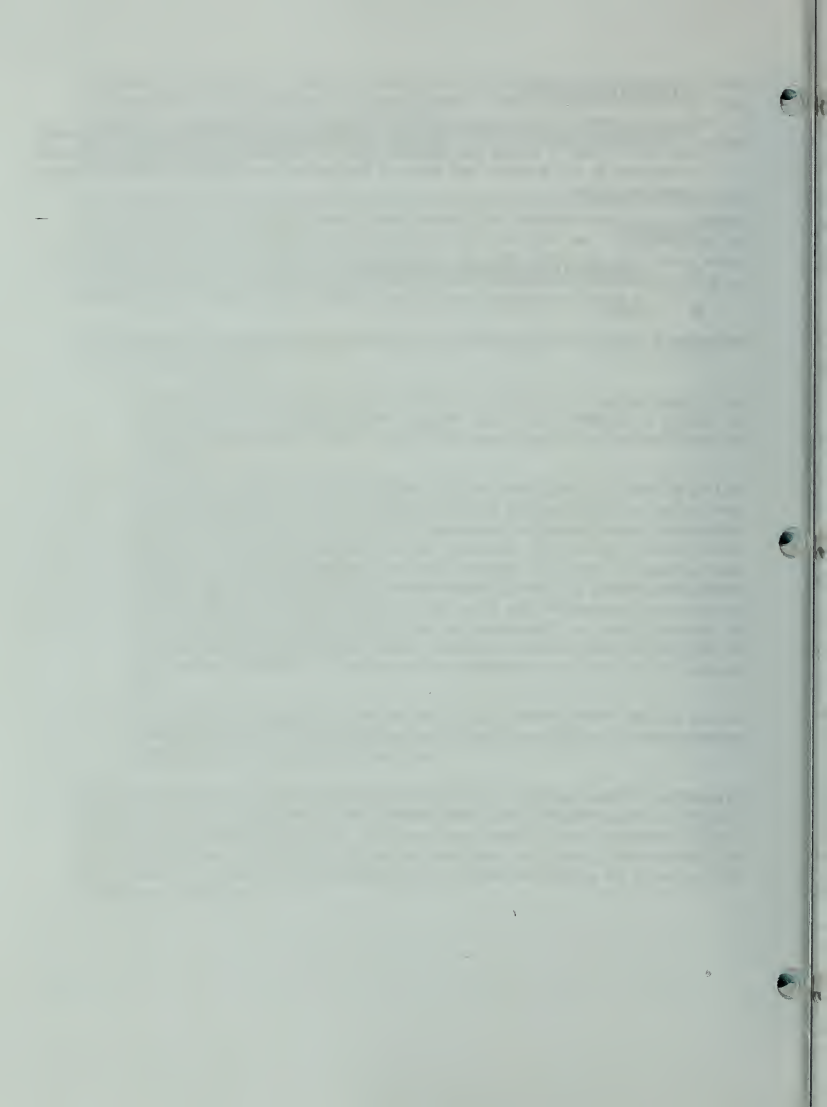
Based on these factors, staff is recommending extension of the milestone date for completion of the Term Sheet and endorsement by the Authority and Board of Supervisors on a month-to-month basis not to exceed six months. This provides an outside date of December 31, 2006, which staff believes is sufficient to prepare the Term Sheet and properly vet it through the public process. The June 30, 2008 termination date currently included in the Amended ENA would remain unchanged.

RECOMMENDATION

Staff recommends approval of the amendment to the Schedule of Performance in the Amended ENA with TICD to extend the milestone date for completion of the Term Sheet and endorsement by the Authority and Board of Supervisors on a month-to-month basis not to exceed six months.

EXHIBITS

- A** Amendment to the Schedule of Performance
- B** Letters



1 [Amendment to the Schedule of Performance with TICD]
2 Resolution Authorizing an Amendment to the Schedule of Performance Set Forth in the
3 Exclusive Negotiating Agreement with Treasure Island Community Development, LLC by
4 Extending the Milestone Date for Completion of a Term Sheet on a Month-to-Month Basis Not
5 to Exceed Six Months.

6 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
7 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
8 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Authority
9 as a redevelopment agency under California redevelopment law with authority over former
10 Naval Station Treasure Island (the "Base"), and (ii), with respect to those portions of the Base
11 which are subject to the public trust for commerce, navigation and fisheries (the "Tidelands
12 Trust"), vested in the Authority the authority to administer the Tidelands Trust as to such
13 property; and,

14 WHEREAS, The Board of Supervisors approved the designation of the Authority as a
15 redevelopment agency with powers over Treasure Island in Resolution No. 43-98, dated
16 February 6, 1998; and,

17 WHEREAS, Under the Act and the Authority's Articles of Incorporation and Bylaws, the
18 Authority, acting by and through its Board of Directors has the power, subject to applicable
19 laws, to sell, lease, exchange, transfer, convey or otherwise grant an interest in or right to use
20 or occupy all or any portion of the real property located on the Base; and,

21 WHEREAS, In 1994, a Citizen's Reuse Committee ("CRC"), representing a broad
22 spectrum of community interests, was formed to: (i) review reuse planning efforts regarding
23 the Base by the San Francisco Planning Department and the San Francisco Redevelopment
24 Agency; and (ii) to make recommendations to the City's Planning Commission and Board of
25 Supervisors, and in July 1996, after an extensive community planning effort, a draft reuse plan

1 for the Base (the "Reuse Plan") was unanimously endorsed by the Mayor, the Board of
2 Supervisors, the Planning Commission and the CRC; and,

3 WHEREAS, The City forwarded the Reuse Plan to the Department of Defense in July
4 1996 to serve as the guiding document for the Navy and City in preparation of a joint
5 Environmental Impact Statement/Environmental Impact Report (EIR/EIS) and the Reuse Plan
6 serves as the basis for the Preliminary Redevelopment Plan for the Base; and,

7 WHEREAS, The conversion of the Base according to the goals and objectives of the
8 Reuse Plan will require extensive coordination and large investments for new infrastructure
9 and to address extraordinary transportation access and seismic constraints, all of which may
10 best be achieved through the coordinated services of one "Primary Developer" of the Base;
11 and,

12 WHEREAS, On June 14, 2000, the Authority authorized issuance of a Request For
13 Qualifications for a Primary Developer of the Base ("RFQ"), and thereafter issued
14 approximately 500 copies of the RFQ to interested parties and hosted a pre-submittal meeting
15 regarding the RFQ that was attended by over 125 representatives of the development
16 community; and,

17 WHEREAS, Submittals to the RFQ were due to the Authority by February 1, 2001, and
18 on that date the Authority received two responses to the RFQ, one from Navillus Associates
19 and one from Treasure Island Community Development ("TICD"); and,

20 WHEREAS, A team of expert consultants hired by the Authority, including Keyser
21 Marston & Associates and Arthur Andersen, reviewed the materials submitted by the two
22 respondents to the RFQ, prepared supplemental information requests to address questions
23 raised during the review process, and together with Authority staff and a designated member
24 of the Treasure Island Community Advisory Board, conducted interviews of the two
25 responding teams; and,

1 WHEREAS, On July 11, 2001, the Authority by resolution found, based on the
2 consultants' analysis and the recommendations of staff, that TICD met each of the seven
3 criteria set forth in the RFQ for proceeding on to the RFP phase; and,

4 WHEREAS, On July 11, 2001 in that same resolution, the Authority directed the
5 Executive Director to (i) undertake a brief study to explore ways to improve competition for the
6 opportunity, including by having a consultant interview prospective developers that expressed
7 interest in Treasure Island but failed to respond to the RFQ, and (ii) based on the information
8 gleaned from that study, to present options to the Authority for moving forward with the
9 primary developer solicitation process; and,

10 WHEREAS, On September 11, 2001, staff and the Authority's consultant, Bay Area
11 Economics, reported that simply presenting again to the development community a combined
12 RFQ/RFP would not likely result in material new developer interest, and after considering the
13 consultant's report and the recommendations of staff, the Authority indicated that to best
14 achieve the goals of the Reuse Plan and avoid significantly delaying implementation of the
15 Reuse Plan, the Authority should proceed with the original solicitation process set forth in the
16 RFQ by issuing a focused Request For Proposals ("RFP") to TICD, and then evaluate the
17 content of TICD's response to the focused RFP to determine whether the Authority should
18 enter into exclusive negotiations with TICD regarding the implementation of its proposal; and,

19 WHEREAS, On April 10, 2002, after an unprecedented public process that included
20 numerous meetings with the Authority Board, members of the Treasure Island/Yerba Buena
21 Island Citizens Advisory Board ("TI/YBI CAB"), and comments provided by organizations,
22 individuals and government agencies, the Authority authorized staff to issue the focused RFP
23 to TICD; and,

24 WHEREAS, On July 2, 2002, TICD submitted its initial response to the RFP (the "Draft
25 Proposal"), and thereafter copies of the Draft Proposal were provided to the Authority Board,

1 members of the TI CAB, the San Francisco Board of Supervisors, and interested members of
2 the public, and TICD made presentations of the Draft Proposal at several public meetings held
3 in San Francisco and on Treasure Island to solicit input from the public, and the TI/YBI CAB
4 held 16 additional public meetings to discuss the Draft Proposal and prepare comments for
5 the Authority Board; and,

6 WHEREAS, On January 2, 2003, TICD submitted its revised response to the RFP (the
7 "Proposal") for the Authority's and the TI/YBI CAB's consideration; and,

8 WHEREAS, The TI/YBI CAB and its subcommittees held several meetings to review
9 the Proposal and prepared and presented comments to the Authority Board; and,

10 WHEREAS, The Authority staff met both individually and collectively with a consultant
11 team to evaluate the Proposal in the context of the evaluation criteria set forth in the RFP; and

12 WHEREAS, On March 20, 2003, the Authority Board made a determination that TIC
13 Proposal met the criteria set forth in the RFP, and authorized the Authority's Executive
14 Director to enter into exclusive negotiations with TICD regarding the redevelopment of the
15 Base in a manner consistent with TICD's Proposal, the Staff Summary, the Reuse Plan, and
16 the EIS/EIR, subject to the Authority's separate approval of an Exclusive Negotiating
17 Agreement ("ENA"); and

18 WHEREAS, On April 9, 2003, this Board of Directors authorized the Executive Director
19 to execute an Exclusive Negotiating Agreement ("ENA") with TICD setting forth the terms and
20 conditions related to the preparation and approval of transaction documents for the
21 redevelopment of the Base, including but not limited to the subject of the negotiations, the
22 term of the exclusive negotiation period and options to extend the term, the allocation and
23 responsibilities related to transaction costs associated with the negotiations, the obligations of
24 TICD and the Authority during the negotiation period, the financial guarantee required to cover
25

1 terms of the Amended ENA and therefore cost neither the City or Authority a dollar; now
2 therefore, be it

3 RESOLVED, That the Board of Directors hereby approves and authorizes a
4 amendment to the Schedule of Performance set forth in the Amended ENA between the
5 Authority and TICD extending the milestone date for completion of a Term Sheet endorsed by
6 the Authority and Board of Supervisors on a month-to-month basis not to exceed six months,
7 in substantially the form attached hereto as Exhibit A.

8 ////

9 ////

10 CERTIFICATE OF SECRETARY

11
12 I hereby certify that I am the duly elected and acting Secretary of the Treasure
13 Island Development Authority, a California nonprofit public benefit corporation, and
14 that the above Resolution was duly adopted and approved by the Board of Directors
15 of the Authority at a properly noticed meeting on July 26, 2006.

16
17 Claudine Cheng, President
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25



RECYCLED PAPER MADE FROM 25% POST CONSUMER CONTENT



**AMENDMENT TO SCHEDULE OF PERFORMANCE
SET FORTH IN THE AMENDED AND RESTATED
EXCLUSIVE NEGOTIATING AGREEMENT
(Naval Station Treasure Island)**

THIS AMENDMENT TO THE SCHEDULE OF PERFORMANCE SET FORTH IN THE AMENDED AND RESTATED EXCLUSIVE NEGOTIATING AGREEMENT (this "Amendment") dated as of July 1, 2006, is between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a public body, corporate, and politic created pursuant to the laws of the State of California (the "Authority"), and TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC, a California limited liability company (the "Developer").

THIS AGREEMENT IS MADE WITH REFERENCE TO THE FOLLOWING FACTS AND CIRCUMSTANCES:

A. On or about June 1, 2003, the parties entered into an Exclusive Negotiating Agreement (the "Original ENA") dated as of such date setting forth the terms and conditions under which they are willing to negotiate (i) a disposition and development agreement and related ground leases and/or conveyance agreements and (ii) other necessary transaction documents for the conveyance, management and redevelopment of the Property that is more particularly described in the Original ENA.

B. On or about September 14, 2005, the parties entered into an Amended and Restated Exclusive Negotiating Agreement (the "Amended ENA" or the "Agreement") dated as of such date amending and restating the Original ENA in its entirety. Capitalized terms that are not defined in this Amendment have the meanings set forth in the Amended ENA.

C. The Amended ENA included a Schedule of Performance that was attached to the Amended ENA as Exhibit B and incorporated into the Amended ENA. The first major milestone of the Schedule of Performance was the completion of a Term Sheet mutually agreeable to Developer and Authority, including the Executive Director and endorsement from the Board of Supervisors and the Authority Board after TICAB review by June 30, 2006 (the "Required Completion Date for the Term Sheet").

D. The parties now desire to amend the Schedule of Performance (Exhibit B) set forth in the Amended ENA, on the terms and conditions hereinafter set forth, by extending the date for completion and endorsement of the Term Sheet on a month-to month basis, not to exceed six (6) months.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Authority and the Developer agree as follows:

1. **Effective Date.** This Amendment shall become effective (the "Effective Date") on the later of: (i) the date this Amendment is fully executed and delivered, and (ii) the date that the Authority Commission approves this Amendment.

2. **Amendment of Exhibit B: Schedule of Performance.** The Required Completion Date for the Term Sheet, as set forth in Exhibit B of the Amended ENA, is hereby extended on a month-to-month basis, but shall in no event extend beyond December 31, 2006 unless extended by the Authority in its sole discretion. In the event that appropriate progress has not been made in the negotiations relative to the Term Sheet during the extension period granted hereunder, as determined by either party in its discretion, then such party may terminate the Amended ENA by providing thirty (30) days' written notice of termination to the other party.

3. **Representations and Warranties of the Developer.** The Developer confirms and ratifies all of the representations and warranties set forth in the Amended ENA. Without limiting the foregoing, the Developer represents, warrants and covenants as follows as of the Effective Date:

(a) **Valid Existence; Good Standing; Joint Venture Relationships.** The Developer is a limited liability company duly organized and validly existing under the laws of the State of California. The Developer has all requisite power and authority to own its property and conduct its business as presently conducted. The Developer has made all filings and is in good standing in the jurisdiction of the State of California. The members of the Developer are Kenwood Investments and its affiliates, KSWM Treasure Island, LLC and its affiliates, and Lennar Corporation and its affiliates. Each of the Permitted Members has made all filings and is in good standing in the jurisdiction of the State of California and in the state of their respective incorporation. As of the date hereof, the Developer has not entered into any other joint venture arrangements with respect to the acquisition, management, or redevelopment of the Property. No new members may be admitted to the Developer without the approval of the then existing members and of the Authority, as further provided in Section 7.2 of the Agreement.

(b) **Authority.** The Developer has all requisite power and authority to execute and deliver this Amendment and to carry out and perform all of the terms and covenants of the Agreement.

(c) **No Limitation on Ability to Perform.** Neither the Developer's articles of organization or operating agreement, nor the organization documents of the Developer's Permitted Members, nor any other agreement or law in any way prohibits, limits, or otherwise affects the right or power of the Developer to enter into and perform all of the terms and covenants of the Agreement. Neither the Developer nor its Permitted Members is a party to or bound by any contract, agreement, indenture, trust agreement, note, obligation, or other instrument which could prohibit, limit, or otherwise affect the same. No consent, authorization, or approval of, or other action by, and no notice to or filing with, any governmental authority, regulatory body or any other person or entity is required for the due execution, delivery, and performance by the Developer of this Amendment or any of the terms and covenants contained in the Agreement. There are no pending or threatened suits or proceedings or undischarged judgments affecting the Developer, its Permitted Members before any court, governmental Authority, or arbitrator which might materially adversely affect the enforceability of the Agreement, the ability of the Developer to perform the transactions contemplated by the Agreement or the business, operations, assets, or condition of the Developer or its Permitted Members.

(d) Valid Execution. The execution and delivery of this Amendment and the agreements contemplated hereby by the Developer have been duly and validly authorized by all necessary action. The Agreement, as amended by this Amendment, will be a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms. The Developer has provided to the Authority a written resolution of the Developer authorizing the execution of this Amendment and the agreements contemplated by the Agreement.

(e) Defaults. The execution, delivery, and performance of this Amendment (i) do not and will not violate or result in a violation of, contravene or conflict with, or constitute a default under (a) any agreement, document, or instrument to which the Developer or, its Permitted Members' assets may be bound or affected, (b) any law, statute, ordinance, regulation, or (c) the articles of organization or the operating agreement of the Developer, and (ii) do not and will not result in the creation or imposition of any lien or other encumbrance upon the assets of the Developer or its Permitted Members.

(f) Meeting Financial Obligations; Material Adverse Change. Each of the Developer and its Permitted Members is meeting their respective current liabilities as they mature; no federal or state tax liens have been filed against any of them; and neither the Developer nor its Permitted Members is in default or claimed default under any agreement for borrowed money. The Developer shall immediately notify the Authority of any material adverse change in the financial condition of the Developer or its Permitted Members, and such material adverse change shall constitute a default under the Agreement, subject to the cure and remedy provisions of Section 8.

(g) Conflicts of Interest. The Developer is familiar with (i) Section 87100 et seq. of the California Government Code, which provides that no member, official, or employee of the Authority may have any personal interest, direct or indirect, in the Agreement nor shall any such member, official, or employee participate in any decision relating to the Agreement that affects her or his personal interest or the interests of any corporation, partnership or association in which she or he is interested directly or indirectly and (ii) the City's Personnel Policy, which prohibits former City employees and consultants from working on behalf of another party on a matter in which they have participated personally and substantially unless the Authority consents to such scope of work. As to the provisions referred to in clause (i), the Developer does not know of any facts that constitute a violation of such provisions. As to the policy in clause (ii), the Developer has disclosed to the Authority in writing any and all personnel or consultants covered by such policy as of the date of this Amendment, and concurrently herewith the Authority Board has elected to waive or not to waive the conflict as to such specific personnel or consultants.

(h) Skill and Capacity. The Developer has the skill, resources, and financial capacity to acquire, manage, and fully redevelop the Property consistent with the development opportunity described in the RFQ.

(i) Not Prohibited from Doing Business. Neither the Developer nor its Permitted Members (nor any Affiliates of any of the foregoing) have been debarred or otherwise prohibited from doing business with any local, state, or federal governmental Authority.

(j) Business Licenses. Each of the Developer and its Permitted Members has obtained all licenses required to conduct its business in San Francisco and is not in default of any fees or taxes due to the City and County of San Francisco.

(k) No Claims. The Developer does not have any claim, and shall not make any claim, against the Authority and the City, or either of them, or against the Property, or any present or future interest of the Authority or the City therein, directly or indirectly, by reason of: any aspect of the RFQ or the developer selection process; the entry into this Amendment or the Agreement or the termination of the Agreement (except as a result of the Authority's breach, subject to the limitations set forth herein); any statements, representations, acts or omissions made by the Authority, City, or any of their respective officers, commissioners, employees, or agents with regard to the Property or any aspect of the negotiations under the Agreement; and the Authority's exercise of discretion, decision, and judgment set forth in the Agreement.

4. Governing Law.

This Amendment shall be governed by and construed in accordance with the laws of the State of California. As part of the consideration for the Authority's entering into this Amendment, the Developer agrees that all actions or proceedings arising directly or indirectly under this Amendment may, at the sole option of the Authority, be litigated in courts located within the City and County of San Francisco, State of California, and the Developer expressly consents to the jurisdiction of any such local, state, or federal court, and consents that any service of process in such action or proceeding may be made by personal service upon the Developer wherever the Developer may then be located, or by certified or registered mail directed to the Developer at the address set forth in the Agreement.

5. Miscellaneous.

Except as expressly modified herein, the terms, covenants and conditions of the Agreement shall remain in full force and effect. This Amendment constitutes the entire agreement of the parties concerning the subject matter hereof, and supersedes and conceals any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. The execution of this Amendment shall not constitute a waiver of relinquishment of any rights which the Authority may have relating to the Agreement. The Authority and the Developer hereby ratify and confirm all of the provisions of the Agreement as amended by this Amendment.

IN WITNESS WHEREOF, the Authority and the Developer have duly executed and delivered this Agreement as of the date first written above.

TREASURE ISLAND DEVELOPMENT AUTHORITY

By _____
Claudine Cheng, President
Treasure Island Development Authority

Pursuant to Authority Board Resolution No. _____,
Adopted on _____, 2006

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

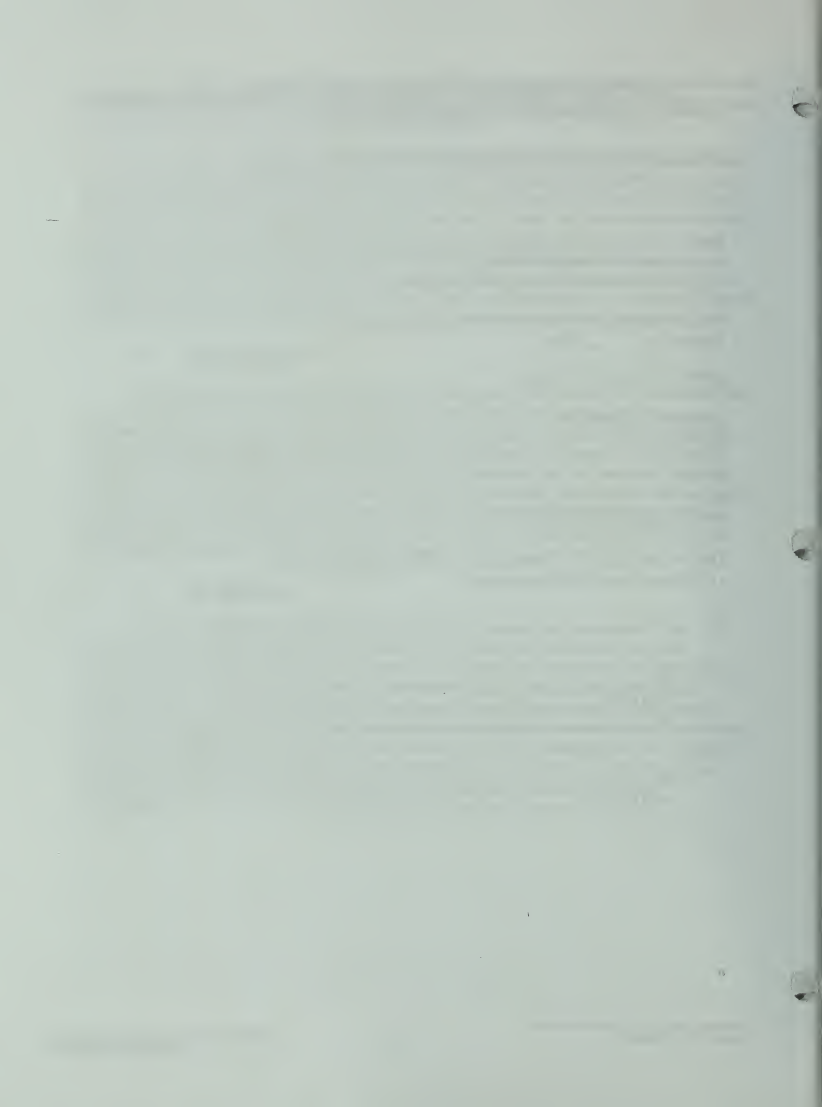
By: _____
Deputy City Attorney

TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC,
a California limited liability company

By

By _____
Print name _____
Its _____

By _____
Print name _____
Its _____





TREASURE ISLAND SAILING CENTER
Launching Point for New Horizons

June 25th, 2006

Commissioners of the Treasure Island Development Authority
City Hall, Room 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Commissioners of the Treasure Island Development Authority,

On behalf of the Board of Directors of the Treasure Island Sailing Center, I am writing in support of extending the timeline for presentation of the term sheet to the CAB, TIDA Board and Board of Supervisors to allow for proper public review of the project plans.

Throughout the duration of our relationship with Treasure Island Development Authority and TIDC, I feel that there has been significant progress on the development plans for Treasure Island, especially over the past 9 months. I can also report that TIDC has worked in good faith with a range of stakeholders via an extensive public process making numerous modifications at the request of the public with the purpose of having a plan that accommodates the majority of our community. In light of the response of TIDC to comments and feedback, the project has received overwhelming public support. The current proposed project provides tremendous public benefits including affordable housing, parks and open space, new infrastructure, model sustainability, jobs, and last but not least, a home for continued presence by the Treasure Island Sailing Center so we can provide access to sailing on the bay for every child in our community.

Please consider extending the timeline for presentation of the term sheet so we can continue on this positive track. I am confident that it will yield the best possible plan for our community. Please feel free to contact me if you have any questions.

Sincerely,

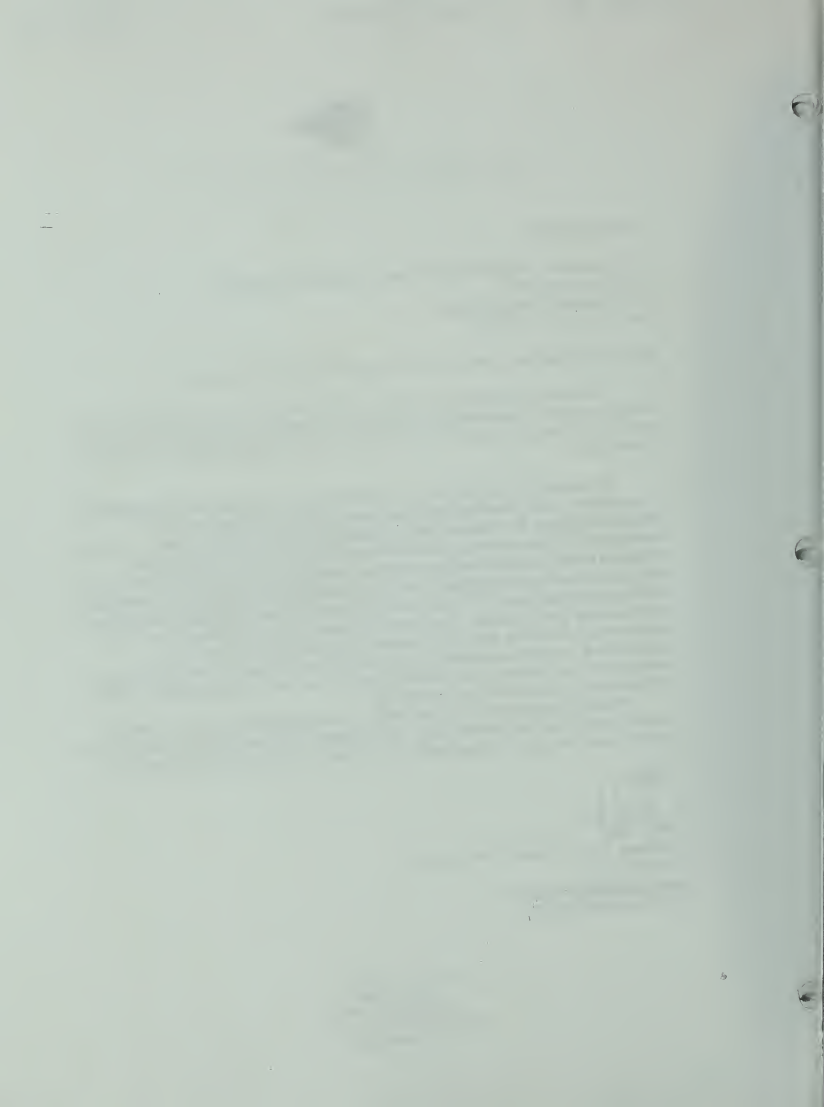
Carisa Harris

President, Treasure Island Sailing Center
415.640.0563

Carisa.harris@tisailing.org

<http://www.tisailing.org>

698 1st Street Bldg 112
Treasure Island
San Francisco, Ca 94130
ph.415.421.2225 fac.415.421.2208
www.tisailing.org



Karen Knowles-Pearce
576 14th Street
San Francisco, CA 94103

20-June-2006

Ms. Claudine Cheng
Chair, Treasure Island Development Authority
410 Avenue of the Palms, Building 1
Treasure Island
San Francisco, CA 94130

Dear Claudine:

As chair of the Treasure Island/Yerba Buena Island Citizens' Advisory Board, I wanted to write you before the Board of Supervisors' Budget meeting next week to be sure you know that you have my full support for any extension which may be necessary for TICD to enable them to finalize their elements for the Term Sheet.

We all have made such amazing progress over the past nine months, working – *as we always do* – through an extensive public process. The revised project has received overwhelming public support and provides significant public benefits in the form of affordable housing, parks and open space, new infrastructure, model sustainability jobs, etc.

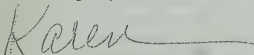
We (the CAB) have worked extremely hard, for over seven years now, to make sure the proposed plans benefit the public at large, and are as sustainable as possible. TICD *listened to us*, and last year added more people to their group – people who looked at the plans with fresh eyes – and significantly revised the plan. And, as they revised it, they obviously took seriously the suggestions of the CAB and other members of the public.

As a reminder, when the RFQ was issued in 1999-2000, there were only two groups who responded and one group was obviously **not** qualified. There was great discussion at the time about having only one group in the final running, however, one group was eminently *qualified*. That group was TICD and they were the ones selected. I have been extremely satisfied with their work and their responsiveness.

The members of CAB and members of the public previously discussed the potential for an extension to the June 30 deadline to allow adequate time for review and comment on the plans, so we understood that the deadline could change. Everyone working on the redevelopment of Treasure Island & Yerba Buena Island has devoted so much time and effort throughout this entire process, to change anything at this point in time would, in my opinion, make no sense at all.

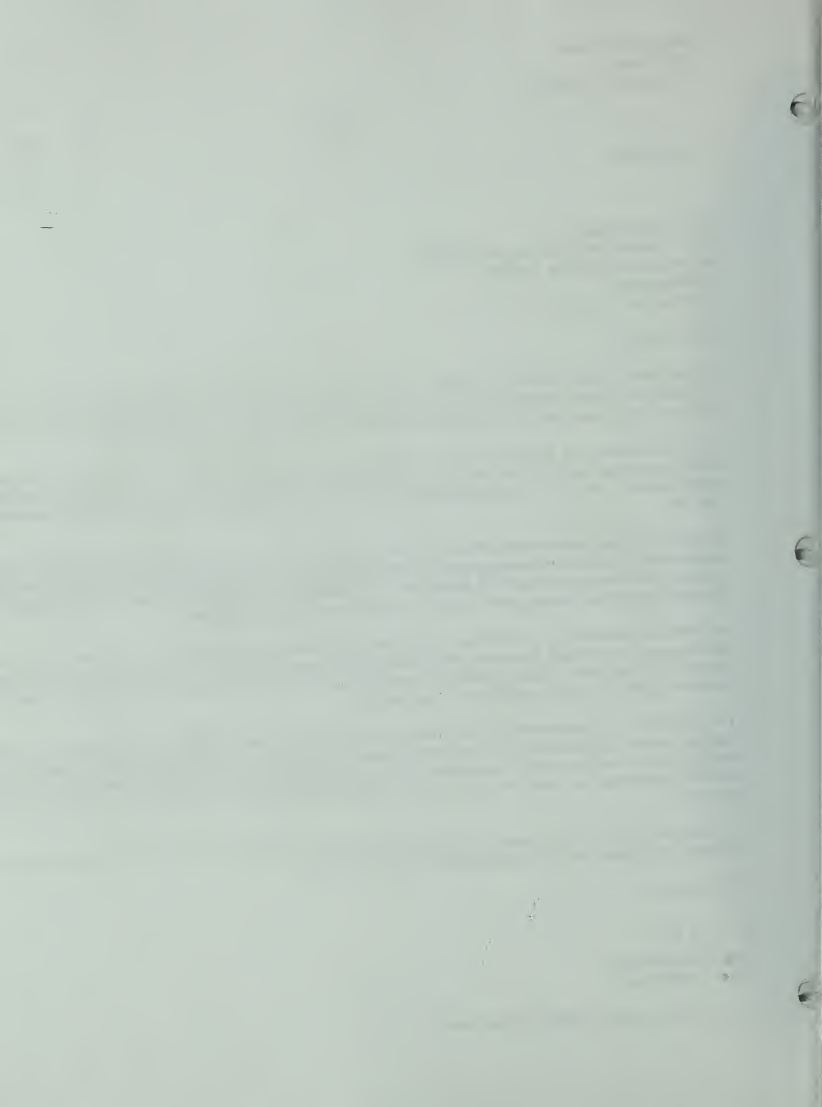
I fully support extending the timeline for presentation of the term sheet to the CAB, the TIDA Board, and the Board of Supervisors to allow for proper public review of the project plans.

Kind Regards,



Karen Knowles-Pearce
Chair, TI/YBI CAB

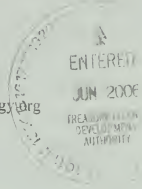
Cc: Jack Sylvan, Mayor's Office of Base Reuse



Arc Ecology

4634 Third Street ♦ San Francisco, California 94124

phone: 415 643 1190 ♦ fax: 415 643 1142 ♦ e-mail: evebach@arcecolgy.org



June 21, 2006

Ms. Claudine Cheng, Chair and
Members of the Treasure Island Development Authority
Treasure Island Development Authority
410 Palm Avenue, Building 1, 2nd Floor
San Francisco, CA 94130

Subject: SCHEDULE FOR TREASURE ISLAND TERM SHEET

As you know, the schedule for approval of the Term Sheet that is part of your Exclusive Negotiating Agreement with Treasure Island Community Development (TICD) is not achievable. I am certain you agree with me that a slipped schedule is preferable by far to a rushed approval process that would sacrifice the ability of the public and decision-makers to review and modify the document.

Approval of the Term Sheet is a critical milestone in the transformation of Treasure Island (including Yerba Buena Island). Many of us share an appreciation for the complexity of issues that the Term Sheet must address. In the absence of guidance by the General Plan or a redevelopment plan, the Term Sheet will be the detailed policy statement that defines expectations of TIDA, the Board of Supervisors, and TICD. The Term Sheet has the task of ensuring that this large tract of public land, to be developed with a combination of public and private capital, promotes the values of the people of San Francisco. An acceptable project must reconcile the physical and institutional constraints of the site, the City's priorities for social, environmental, and economic sustainability, and financial feasibility.

TIDA and TICD have made admirable progress towards these ends. The land use plan now concentrates development, making possible an expansion of open space (including the stormwater treatment wetland) and transit opportunities. A transportation plan has been proposed that is a good beginning in taking advantage of these opportunities. The development will provide desperately needed housing for people with extremely low incomes

Nonetheless, issues at the Term Sheet level of specificity remain to be worked out; for example, MUNI's role as a transit provider, parking, Bridge access for transit, financing of transit, and ensuring that residents represent a continuum of incomes in addition to the extremes of low and high.

So far components of the Treasure Island redevelopment program have been presented singly. The Term Sheet will be the first opportunity you, the Citizens Advisory Board, the Supervisors, and the public have to evaluate how the pieces fit together. It is important that a revised schedule for approval of the Term Sheet provide adequate time for stakeholders to understand complex issues, recommend modifications if desired, and review an amended document.

In my view, setting another specific date is not the best way to ensure time for the necessary public review and integration of changes. It is preferable to mandate opportunities that must be provided for review and comment. An example of such a review schedule is suggested below:

- Release of the Draft Term Sheet (posted on the web, hard copies to CAB and TIDA Board and members of the public who request it, at least 10 days prior to first review meeting);
- Circulation for review and comment by relevant agencies, including Planning Department, Muni, SF PUC, Department of the Environment, Department of Public Works, Regional Water Quality Control Board;
- Review by CAB subcommittees and submittal of recommendations to full CAB;
- CAB action on recommendations; and submittal to TIDA Board;
- Review and comment by TIDA Board-
- Report of TIDA recommendations (or relevant portion of meeting minutes) submitted to Land Use Committee
- Review and comment by Board of Supervisors Land Use Committee, with report to the Planning Commission and full Board of Supervisors
- Revision of Draft Term Sheet by Staff, based on comments received
- Release of revised Draft Term Sheet (10 days prior to first review meeting)
- Review by CAB subcommittees and CAB, with report to TIDA
- Review by TIDA with report to Land Use Committee
- Review by Board of Supervisors Land Use Committee with report to the full Board
- Release of final Draft Term Sheet (10 days prior to TIDA action)
- Action by TIDA
- Action by Board of Supervisors

I look forward to uninterrupted forward movement of this project. Although it might appear that the redevelopment process is taking too long, those of us who have been following the process closely believe that the public is better served by a process committed to getting it right than meeting an arbitrary deadline.

Yours truly,



Eve Bach
Staff Economist/Urban Planner

Cc : Joanne Sakai
Michael Cohen
Jack Sylvan
Board of Supervisors
Treasure Island Citizens Advisory Board
Jay Wallace
Kofi Bonner
Ruth Gravanis

San Francisco Little League
2521 Judah Street
San Francisco, California 94122

June 22, 2006



VIA FACSIMILE (415) 274-0299

Ms. Claudine Cheng and Fellow Commissioners
Treasure Island Development Authority
410 Avenue of the Palms, Building One, 2nd Floor
San Francisco, California 94130

Re: Treasure Island - Exclusive Negotiations Agreement

Dear President Cheng and Fellow Commissioners:

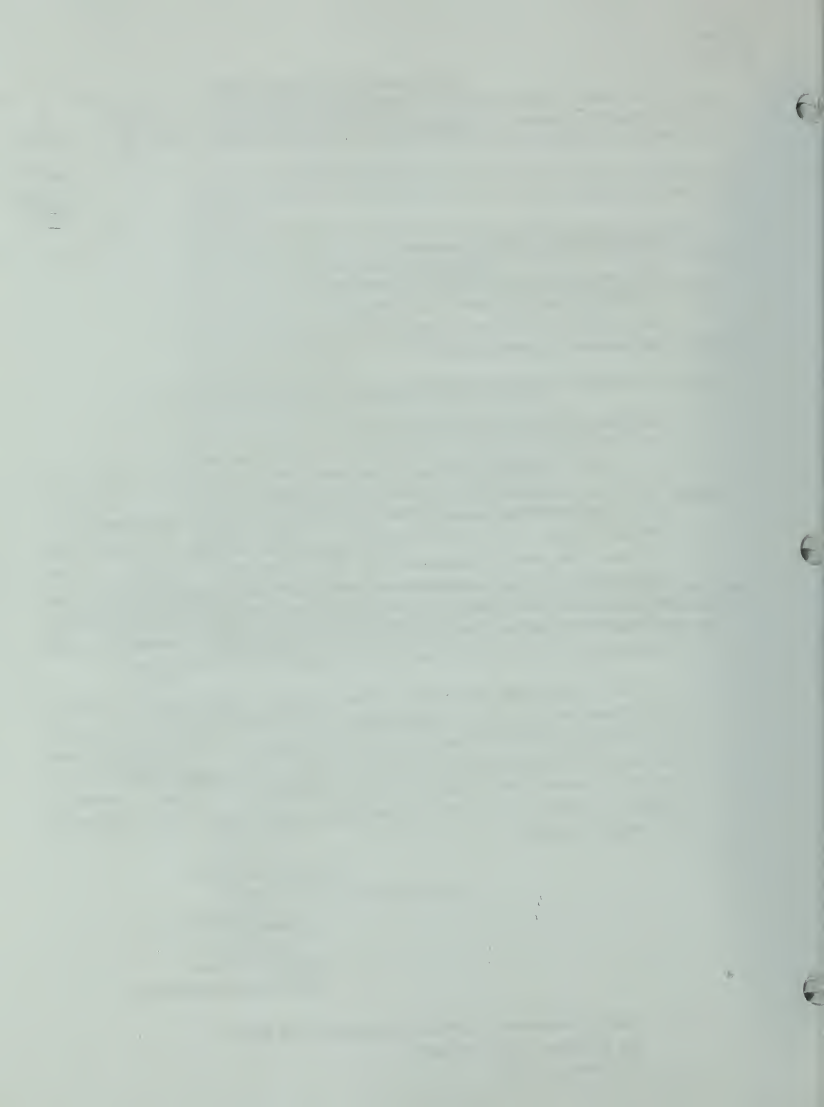
Please be advised that San Francisco Little League (SFLL) supports the request of Treasure Island Community Development, LLC (TICD) to extend the period for exclusive negotiations regarding the future redevelopment of Treasure Island. TICD has established a positive working relationship with SFLL and the other stakeholders in the redevelopment process. In the preparation of its redevelopment plan, TICD has been attentive to the needs and desires of the various constituents of the Treasure Island community, including SFLL, and we believe they have done a good job of developing a plan that will serve as an excellent guide for the future of Treasure Island.

We understand that the current timeline regarding the exclusive negotiations process calls for presentation of TICD's term sheet by the end of the month and that TICD has requested an extension of that timeline. Given the effort that has been put in to date by TICD, SFLL is supportive of TICD's request to extend that timeline as may reasonably be necessary in order to finalize the term sheet for the redevelopment project that TICD is proposing for Treasure Island.

Very truly yours,

David H. Kremer
SFLL Field Development

cc: Jack Sylvan/Mayor's Office (via fax 415-554-6018)
Jim Ketcham, SFLL President
Jay Wallace, TICD



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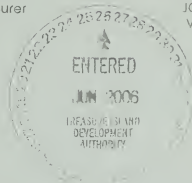
LARRY MAZZOLA
President

MICHAEL THERIAULT
Secretary - Treasurer

WILLIAM "BILL" WONG
JOHN O'ROURKE
Vice Presidents

June 22, 2006

Ms. Claudine Cheng
and Fellow Commissioners
Treasure Island Development Authority
410 Avenue of the Palms, Building 1
Treasure Island
San Francisco, CA 94130
(415) 274-0299 FAX



Dear President Cheng and Fellow Commissioners:

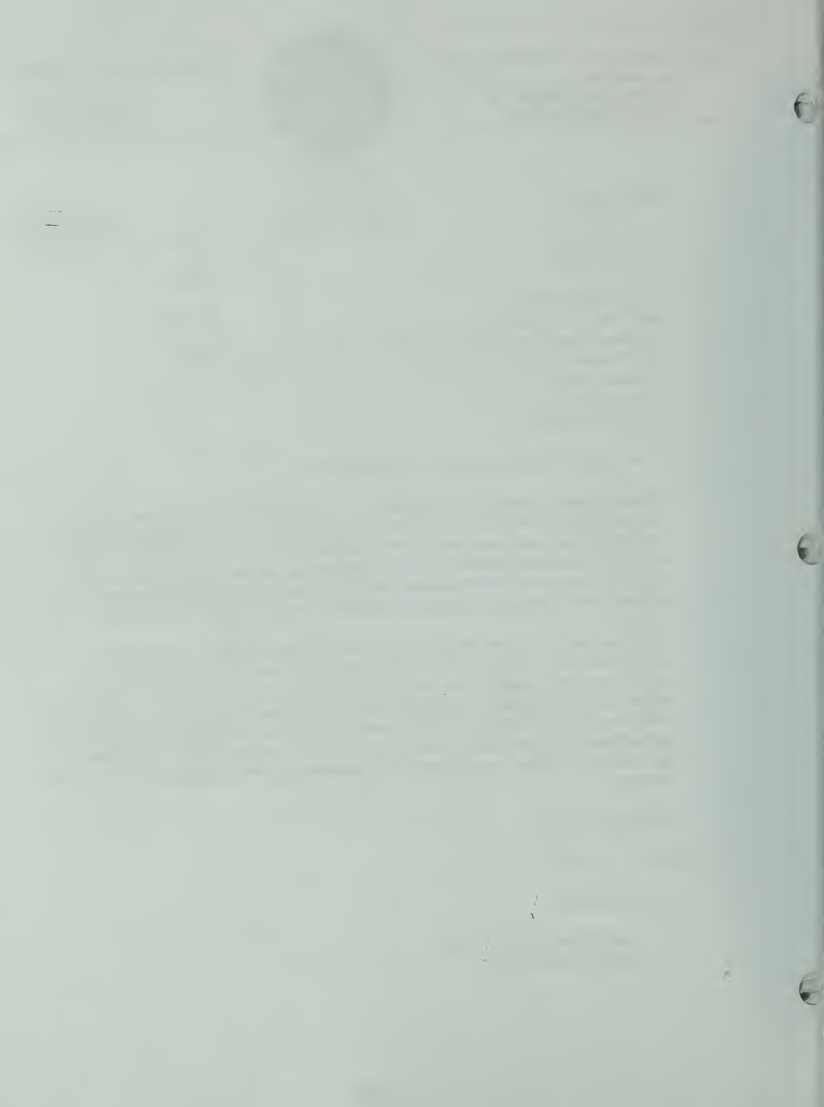
Treasure Island Community Development, LLC ("TICD") has been working in good faith with the leadership of the San Francisco Building and Construction Trades Council for several years on its plans for the redevelopment of Treasure Island. We have met with TICD, they have heard our concerns, and we have a clear understanding of the project. The plan that TICD has described to us provides jobs, affordable housing, economic development and community support at undeniable and important levels.

I am aware that the current timeline for the public process involves presentation of TICD's term sheet to the Treasure Island Development Authority by June 30th. I am aware also of the extensive work that TICD has performed over the last nine months in preparing that document. On behalf of the tens of thousands of working men and women represented by this Council and of their families I ask you, your fellow Commissioners, and the Board of Supervisors to extend the timeline for completion of the term sheet so that TICD can continue to move forward to produce a project that will benefit us and the entire city.

Respectfully yours,

Michael Thériault

cc: Jack Sylvan/Mayor's Office
(415) 554-6018 FAX



Treasure Island Wetlands Project

74 Mizpah Street
San Francisco, CA 94131
(415) 585-5304



June 23, 2006

Honorable Claudine Cheng, Chair
Treasure Island Development Authority
410 Palm Avenue
Treasure Island
San Francisco, CA 94130

Re: Extension of June 30th Term Sheet deadline

Dear Ms. Cheng:

As we all realize, the June 30th Term Sheet deadline indicated in the extension of the Exclusive Negotiating Agreement between TIDA and TICD will not be met. I support an extension of the Term Sheet deadline provided that a new time line is developed that specifies opportunities for informed public input and for revisions based on that input.

Since last November, the project has made significant and laudable strides in the direction of environmental sustainability and public benefit. I believe that TIDA, TICD and the Mayor's Office of Base Reuse will continue to negotiate in good faith to achieve additional improvements. But there are still a number of challenges that need to be resolved through further public discussion and more thorough review by relevant public agencies.

One example is the timing of the construction of the widely acclaimed stormwater treatment wetlands, currently proposed to be deferred until the final phase of development. Before the TIDA Board members are asked to endorse the Phasing Plan, they should have access to comments made by the Regional Water Quality Control Board's stormwater management experts and by the SF PUC's Technical Advisory Committee. Also, before being asked to accept the contention that creating tidal wetlands would be infeasible, the TIDA Board should know the response of engineers who have created muted tidal wetlands in similar rock-wall situations.

There are many reasons why the June 30th milestone cannot be met, and I cannot see how extending the deadline will cause any harm. It would not be in the public's interest to change direction at this point and thereby risk losing the valuable work that has been done. I urge the TIDA Board to grant an extension of the Term Sheet deadline as part of an agreement that provides for thoughtful

review and comment by the public and relevant agencies. It is important to know how the revised content of all of the Term Sheet Elements, whether folded into the Term Sheet document itself or included as attachments, will be internally consistent. It is especially important that all the elements are consistent with the revised Draft Sustainability Plan. Because the Term Sheet will guide the continuing negotiations that will lead to the final development documents, it is essential that we "get it right." I urge you to adopt a timeline for its development and endorsement that moves the project forward expeditiously while incorporating an exemplary public participation process.

Sincerely,



Ruth Gravanis,
Director

copies to:

Joanne Sakai
Michael Cohen
Aaron Peskin
Sophie Maxwell
Jay Wallace

TIHDI

Treasure Island Homeless Development Initiative

June 26, 2006

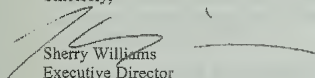
Claudine Cheng, President
Treasure Island Development Authority
410 Palm Ave., Bldg. 1
San Francisco, CA 94130

Dear President Cheng:

We are writing to express our support for the continuation of the Exclusive Negotiating Agreement (ENA) between TIDA and Treasure Island Community Development (TICD). As you know, we have been working for years to create a new San Francisco neighborhood that includes people from all socio economic backgrounds. To everyone's credit, both the current usages on Treasure Island and the plans for the future honor the intent of homeless assistance plan approved by the SF Board of Supervisors and HUD in 1996. There has been a tremendous amount of work towards the completion of the components of the term sheet with TICD but as you know it is not yet completed and still needs to be heard at the Board of Supervisors.

TICD has shown to be a responsive development team and there are many exciting elements of the plan such as expanded affordable housing and employment opportunities. We sincerely hope that the TIDA Board will extend the ENA so that some real opportunities to exit homelessness and/or poverty may come to fruition sooner rather than later.

Sincerely,



Sherry Williams
Executive Director

410 Palm Ave., Bldg. 1
San Francisco, CA 94130
415-274-0311
www.tihdi.org

10017



Ms. Claudine Cheng, President
Treasure Island Development Authority
410 Avenue of the Palms, Building 1
Treasure Island
San Francisco, CA 94130

Dear President Cheng and Fellow Commissioners:

On behalf of the 5,800 members of the San Francisco Bicycle Coalition (SFBC) I'm writing to urge you to extend the Exclusive Negotiations Agreement timeline for Treasure Island Community Development, LLC (TICD). As you may know, the SFBC is a grassroots organization committed to transforming San Francisco's streets and neighborhoods into more livable and safe places by promoting the bicycle for everyday transportation.

As participants in the planning process for Treasure Island, we are encouraged to see the plans proposed by TICD shaping this new neighborhood into one that supports walking and biking as standard transportation options for all of its residents and visitors. In particular TICD has listened to our concerns regarding how best to incorporate bicycle routes and rights-of-way into the plan, they have embraced the bike as a part of their transportation plans, and are supporting the SFBC's efforts to find funding for a bike/pedestrian lane on the western span of the Bay Bridge.

Additionally, the plan that TICD has put forward provides important public benefits in terms of sustainable building and planning practices, job creation, affordable housing, economic development and community support benefits. It has already received the support of other groups who share many of our interests, including most recently endorsement from SPUR.

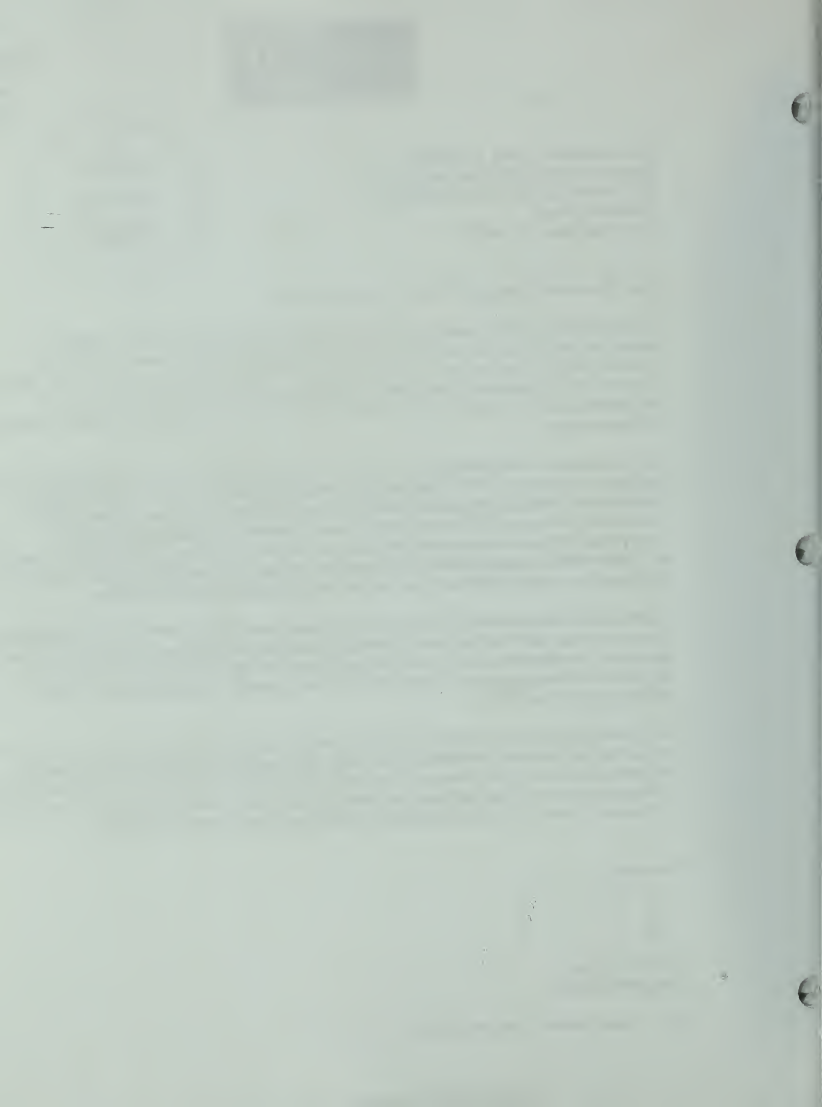
TICD has put forth tremendous effort and public participation over the last year or so in preparing its planning documentation. They have included the SFBC in those efforts and have listened to our concerns. On behalf of the SFBC, I urge you, your fellow TIDA Commissioners, and the full Board of Supervisors to extend the timeline for completion of the term sheet so that this important project can finally come to fruition.

Sincerely,

A handwritten signature in dark ink, appearing to read "APV" or similar, with a large, sweeping flourish at the end.

Andy Thornley
Program Director

CC: Jack Sylvan, Mayor's Office



AIA San Francisco

A Chapter of the American Institute of Architects



Claudine Cheng, President
Treasure Island Development Authority
410 Avenue of the Palms, Building One, 2nd Floor
San Francisco, CA. 94130



Re: Treasure Island Exclusive Negotiations Agreement

June 30, 2006

Dear Ms. Cheng,

In April 2006, AIA San Francisco awarded the architectural firms of SOM and SMWM, on behalf of Treasure Island Community Development, LLC (TICD), an urban design merit award for the revised Treasure Island 2005 Development Plan. The jury's comments cited "the bold moves to set the framework for the redevelopment of Treasure Island". Specific recognition was given to the design's compact, transit-oriented residential communities, with their commitment to sustainable design.

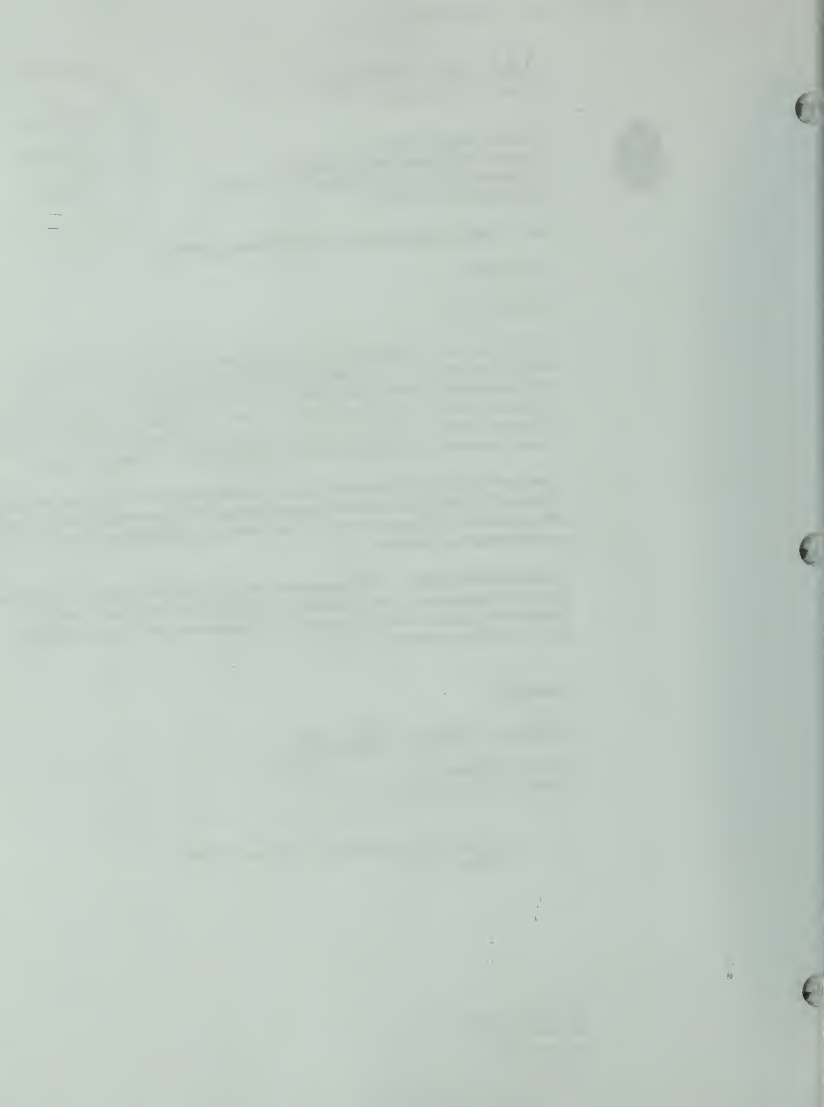
It has been brought to our attention that the exclusive negotiation transfer agreement between TICD and TIDA is about to expire and that TICD has requested an extension. This extension is important to allow for the financial and programmatic analysis for the revised plan to be completed.

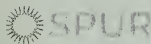
The development plan is a work in progress that will ultimately provide the platform for an exciting addition to San Francisco's future. AIA San Francisco's Board of Directors requests that you and your fellow commissioners grant this extension, to allow for the plan to come to fruition.

Sincerely,

Anne Laird-Blanton, AIA
President, AIA San Francisco

cc: Jack Sylvan, Office of the Mayor (via fax: 554-6018)
Jay Wallace, TICD





SAN FRANCISCO
PLANNING AND URBAN RESEARCH
ASSOCIATION



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July 11, 2006

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Wells Whitely
George Williams
Howard Wong
Paul Zeger

Claudine Cheng, President
Treasure Island Development Authority
410 Avenue of the Palms, Building One, 2nd Floor
San Francisco, CA 94130

Dear Ms. Cheng:

I am writing to express SPUR's support for the extension of the deadline for completion of the Development Plan and Term Sheet for Treasure Island.

SPUR, the San Francisco Planning and Urban Research Association, has thoroughly reviewed the various planning documents and the overall concept for the island. In June the SPUR Board of Directors voted to formally endorse the plan concept as developed so far. This letter contains our analysis and recommendations.

OVERVIEW

The former Naval Station Treasure Island (consisting of the greater part of Treasure and Yerba Buena islands) is destined to become the site of San Francisco's newest and greenest neighborhood. After many years of public planning (over 150 public meetings have taken place) and negotiating sessions with the City, the development team, Treasure Island Community Development, LLC (TICD), comprised of Lennar, Kenwood Investments and Wilson Meany Sullivan, has issued a new development concept. Presented to the Treasure Island Development Authority (TIDA) in December, the new draft land use plan encompasses many of the elements that SPUR has been advocating. The density has increased substantially to promote a more sustainable development, there are now tall buildings to create that density, the ferry terminal and transit hub has moved to the west side to enhance transit use, and the plan now includes many sustainable elements. While SPUR may have wished for a car-less and completely energy self-sufficient solution, the current proposal goes a long way in this direction and deserves SPUR's support.

TICD is in the process of revising previously issued draft plans on subjects including transportation, affordable housing, phasing, infrastructure, sustainability, community services, and more, and these will be folded into a "Development Plan" that will serve as a term sheet to guide the next year and a half to two years of negotiations leading up to the Redevelopment Plan, Disposition and Development Agreement and General Plan Amendments, all of which will be the subject of additional public meetings and approvals by the Board of Supervisors. As a first step, the term sheet is expected to be endorsed by the TIDA Board and the Board of Supervisors this summer.

THE DRAFT PLAN

Clustered around a new ferry terminal on the west side of Treasure Island is a dense development of high-rise residential buildings and a commercial center of approximately 235,000 square feet. Within a ten-minute walk of the new ferry terminal and transit hub are small neighborhoods of mixed housing types and mid-rise buildings, sheltered from the wind by streets that are angled to provide wind breaks.

The rest of the island includes parks, open space and public places comprising approximately 330 acres with recreational facilities, a great park, a working farm to grow produce, and a variety of hiking, biking and walking paths that connect the Islands' neighborhoods and connect them to the Bay. The existing administration building (the former airline terminal), historic hangars, TI Sailing Center and the federal Job Corps are all retained. Yerba Buena Island will receive approximately 250 units of replacement housing and extensive developed open space. The historic admirals mansions and most of the natural and naturalistic landscape will remain. There will be several hotels, primarily on TI, with a total of approximately 450 rooms and a marina with 400 boat slips.

HOUSING

The current plan calls for approximately 5,500 new housing units (up from 2,800) for a total of approximately 12,000 persons, consisting of town houses, mid-rise apartment buildings and high-rise towers. 30 percent of the new units will be affordable homes for very low, low and moderate income residents. The Treasure Island Homeless Development Initiative (TIHDI) will be retained. Additional affordable housing opportunities will be provided by TIDA and as inclusionary homes. Approximately 55% of the units will be in low-rise structures, 30 percent in mid-rise buildings and 15 percent in high-rise. Parking, at a one-to-one ratio, will be purchased or rented separately from the housing units, and some will be physically detached from the housing.

COMMERCIAL

There will be abundant new retail and commercial experiences on TI, located around the new ferry terminal and transit hub, extending to the marina and Clipper Cove, serving the neighborhood and resident population and the regional and visitor populations that are expected to come to TI. Opportunities for additional retail and commercial uses may also occur in the hangars and/or the mixed-use buildings. Visitor serving retail and commercial activities are planned focusing on food and beverage, recreational and outdoor experiences, environmental tourism featuring the parks, sustainability measures and open space programming.

The projected residential population of approximately 12,500 residents people will be served by the shopping and retail opportunities on the Island scaled to support that residential population. The visitor experience will be served by the regional retail experiences and the other commercial enterprises on the Islands.

URBAN DESIGN

SPUR has been advocating the use of tall buildings both to make a visible impact on the views of the island and to give residents really spectacular views from the island. The new plan does this and creates the sense of a very special place. The clustering of the buildings around the ferry terminal and transit hub will also give a density that supports public transit and that makes it a very urban place and not a suburb. There also is a thoughtful design of pedestrian walks and paths which will further the goal of discouraging the use of cars. Given the quality of the architecture and landscaping proposed, TI will attract visitors who will help support the commercial and recreation developments.

SUSTAINABILITY

The major elements consist of photovoltaic panels generating electricity on buildings, a sewage treatment plant that produces recycled water for landscape watering, the possibility of windmills, energy- and resource-conserving construction, a storm water management system that includes

constructed wetlands and bio-swales, water conservation through climate-appropriate landscaping, protection and restoration of naturally occurring habitats on YBI, integrated pest management, deconstruction as opposed to demolition, recycling and composting programs, and more. It is expected that the project will earn a LEED (Leadership in Energy and Environmental Design) rating of at least silver.

INFRASTRUCTURE

Unlike the naturally occurring Yerba Buena Island, Treasure Island was created out of sand and mud dredged up out of the Bay. It will require extensive seismic upgrades as part of the development program. The shoreline will be stabilized to prevent lateral spreading and deep seated rotational failure, and all buildings will be constructed on piles or concrete mat slabs. All of the required infrastructure systems, including new sewage and stormwater systems, gas and electrical distribution lines, telecommunications and internet based systems, will be rebuilt. The sewage and stormwater will be treated on the island but water, gas and electricity will be piped in as it is now. There will be all new roads, sidewalks and path systems constructed. All of the cost of the infrastructure will be paid for through the project by a combination of developer equity, private financing supported by the developer equity and tax increment financing generated by the project. There will be no new general fund investment in building or maintaining the infrastructure.

TRANSPORTATION

Because of the obvious problems associated with the Bay Bridge access, the development proposes a mode split of new ferry service, increased bus service, a local shuttle service, new on- and off- ramps (by Cal Trans), bicycle improvements and a proposed congestion management plan of charging residents for access and egress from the bridge at critical hours. The key to reducing the use of cars is met both by reducing parking (and charging for parking so that its true cost is borne by the user) and in discouraging the use of the cars by making other transit modes more desirable and cost-effective. Bicycle paths on the Islands will connect to the new bike path on the eastern span of the Bay Bridge and be designed to accept connections to the west span if a bicycle lane were ever to be built by Caltrans.

PHASING

The proposal is to build out the neighborhood over approximately 15 years, 2 more years of planning and entitlements, 2 to 3 years of infrastructure development and then 3 phases of 3 to 4 years each for project build out. While this is a reasonable approach for a development and construction phasing standpoint, it may require significant project based subsidies mainly in the early years. Again, however, TICD and TIDA have developed a plan that provides for no new General Fund costs. This is accomplished through the Financing Plan described below

FINANCING

The March '06 Draft Fiscal Impacts Analysis lists five guiding principles:

1. Project financing will not rely on the City's General Fund and will be structured to ensure that there is no adverse impact or risk to the General Fund.
2. TIDA will establish a municipal services payment for years in which the costs of public services are projected to exceed tax revenues. These established fees will be a project cost and will be paid from project cash flow on a priority basis before cash flow goes to TICD.

3. Tax-exempt financing district(s), such as a Mello-Roos, will be established, some of the proceeds of which will be used to fund certain services on Treasure Island.
4. The Disposition and Development Agreement will identify reliable funding sources for open space maintenance and subsidies for transportation services and programs.
5. The revenue and expense estimates in this fiscal analysis will be updated for the Disposition and Development Agreement.

The Draft Finance Plan is yet to be released.

ISSUES NEEDING FURTHER STUDY

- The City's role and financial obligations: The developer will be responsible for all construction. The City will be responsible for future maintenance of the public areas. The idea is that costs for maintaining the public areas will be paid by Mello Roos financing, and the municipal services district described above, but the details still need to be worked out.
- The proposed bus service only runs to the edge of the developed area, and assumes that the shuttle service will take people the rest of the way. It may be better to expand the route of the buses to serve the neighborhoods in order to encourage residents to use the buses instead of cars.
- The May Draft Transportation Plan calls for a total of 7,853 parking spaces. Whether this number is appropriate merits further analysis.
- The Phasing Plan puts the stormwater wetlands construction in the very last phase. Getting it built sooner would mean less Bay pollution; earlier phasing should be looked at.

SPUR'S RECOMMENDATION

SPUR recommends approval of the current plan, with the understanding that the issues we have identified as well as other issues be addressed as the negotiations and approval process progresses.

Sincerely,



Gabriel Metcalf
Executive Director

Cc: Jack Sylvan
Mayor's Office



SAN FRANCISCO BOARDSAILING ASSOCIATION

1592 UNION STREET, BOX 391 • SAN FRANCISCO, CALIFORNIA 94123

Claudine Cheng, Chair
Treasure Island Development Authority
410 Avenue of Palms, Building 1, Treasure Island
San Francisco, CA 94130
Via facsimile (415) 274-0299 - fax

July 16, 2006

Re. Exclusive Negotiations Agreement -
Treasure Island Community Development LLC



Dear President Cheng and Fellow Commissioners,

I am writing on behalf of the San Francisco Boardsailing Association (SFBA) to encourage you to extend the Exclusive Negotiating Agreement with Treasure Island Community Development (TICD). SFBA is a 1,600-member non-profit organization that promotes public access and safety for the boardsailing community which includes windsurfers and kitesurfers.

Jay Wallace of TICD has worked closely with our organization to ensure that public access for windsurfers and kitesurfers will be included in the redevelopment of Treasure Island. Our sports depend on having good access to the shoreline in a limited number of places where the wind conditions, water depth, and shoreline orientation are ideal in terms of both ease of access and safety. The north end of Treasure Island is one of the best spots for launching in the Bay and enjoys consistent winds that often blow even when the winds at the Golden Gate and in Berkeley are marginal.

The conceptual plans submitted by TICD to date provide for access for boardsailing at two prime locations which have been previously identified on the BCDC Plan Maps. TICD has committed to work with SFBA to identify what upland improvements and access ramps should be included in these public access areas. The launching areas identified in the conceptual plan are well situated to serve our community and would satisfy key Draft Reuse Plan goals including:

- Emphasizing marine-related uses and creating areas for water-oriented recreational uses.
- Emphasizing uses that take advantage of Treasure Island's unique position in the center of the San Francisco Bay
- Pursuing uses that will enliven the water's edge and improve public access to the Bay.

TICD has worked well with SFBA in terms of producing a plan that will have a public benefit. From our perspective and from my attendance at a number of public meetings, it appears that TICD is also working hard to accommodate the public interest in other areas such as affordability, housing, traffic/transit, etc. Given that the current negotiations and planning effort seem to be

11011

Ser BPMOW.cwd/0622

18 Jul 2006

Our point of contact for this matter is Ms. Patricia McFadden at (415) 743-4720 if you have questions or to coordinate future meetings.



C. W. DEPEW

Grants Administrator

Copy to:

Mr. Marc McDonald
Treasure Island Development Authority
410 Avenue of the Palms, Bldg 1, 2nd Floor
Treasure Island
San Francisco, CA. 94130

Ms. Joanne Sakai
Treasure Island Development Authority
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Mr. Jack Sylvan
Treasure Island Development Authority
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Ms. Patricia McFadden
Navy BRAC PMO West
Caretaker Site Office
410 Avenue of the Palms, Bldg 1, Suite 101
San Francisco, CA 94130-1806

Notes

Notes

Notes



DRAFT Minutes of Meeting
Treasure Island Development Authority
July 26, 2006

City Hall, Room 400
1 Carlton B. Goodlett Place
San Francisco, CA

DOCUMENTS DEPT.

1. **Call to Order:** 1:35 PM

AUG 23 2006

Roll Call Present: Jesse Blout
John Elberling (Acting Chair)
Matthew Franklin
Marcia Rosen

SAN FRANCISCO
PUBLIC LIBRARY

Excused: Claudine Cheng
Jared Blumenfeld
Supervisor Chris Daly

2. **Report by Executive Director**
There was no discussion by the Board on this item.

3. **Report by the Mayor's Office of Base Reuse and Development**
Mr. Michael Cohen, Mayor's Office of Base Reuse, stated that there was a hearing at the MTC regarding the submarine cable agreements, which the TIDA Board has already approved. PG&E has asked MTC to oppose the arrangement. The Navy will not legally recognize PG&E, only TIDA. MTC eventually voted to approve the arrangement.

4. **Communications**
There was no discussion by the Board of the Communications

5. **Report by the Treasure Island/Yerba Buena Island Citizen Advisory Board**
Ms. Karen Knowles-Pearce, CAB Chair, stated the next CAB meeting is for August 1st. There will be CAB presentations after these upcoming meeting.

6. **Ongoing Business by Directors**

Director Rosen acknowledged the work of TIDA staff and stated that the Redevelopment Agency was happy to assist TIDA with past staffing needs, now that the TIDA-SFRA Agency Agreement is coming to an end.

7. General Public Comment

Ms. Sherry Williams, TIHDI Executive Director, stated that she is concerned with the process whereby the Golden Gate Youth Rugby was given free rent in exchange for community benefits. Stated she is concerned that this item was discussed in Closed Session prior to its approval and has not been publicly vetted. Stated this is inconsistent with previous TIDA policy.

8. Consent Agenda

Director Rosen requested further discussion of Item 8(d)

There was no public comment on the Consent Agenda

Director Rosen motioned for approval of the remainder of the Consent Agenda

Director Franklin seconded the motion

The remainder of the Consent Agenda was approved unanimously

Item 8(d)

Director Rosen asked if this item extended the period of the contract, but there are no additional funds required.

Mr. Jack Sylvan, Mayor's Office of Base Reuse, stated that the contract solely extends the term, there are no additional monies allocated in this extension.

There was no public comment on this item

Director Rosen motioned for approval of Item 8(d)

Director Franklin seconded the motion

Item 8(d) was approved unanimously

9. Amendment to the Exclusive Negotiating Agreement with Treasure Island Community Development, LLC

Mr. Jack Sylvan, Mayor's Office of Base Reuse, stated the last 9 months have shown a major revision to the redevelopment plans for Treasure Island. This revision was based on extensive public comment and vetting of the development plans. The resulting land use plan has received overwhelming support from stakeholder groups and individuals. Stated staff is close to having a term sheet that is complete, the majority of the work that remains is to vet this term sheet and the comprehensive package that wraps these plans together through the public process. A milestone date was laid out in the original ENA for June 30th, 2006. Significant evolution in the plans required additional investigation and analysis, there is also a commitment to extensive public process and public review. There have been over 30 public meetings over the last 9 months, including TIDA and CAB meetings, public workshops and presentations to the Board of Supervisors. Revisions and responses based on this public feedback is always necessary. Such a public vetting requires time. Staff has received several letters from Island stakeholders

requesting an extension of the milestone date for completion of the term sheet. There are three important points for extending the milestone date: there is momentum and support for the direction the development is headed in, TICD has negotiated in good faith with TIDA and TIHDI as well as put a lot of work and resources into the project. Secondly, the public benefits package being proposed is unprecedented for delivery by a single City project, and it makes sense to continue to move forward to realize these public benefits, including affordable housing, parks and open space, new infrastructure and economic development benefits such as jobs. Third, because TICD reimburses TIDA for all of its redevelopment planning costs, extending the schedule and continuing to development the Term Sheet will cost TIDA nothing. Staff is recommending a month-to-month extension of the term sheet, not to exceed six months. This does not change the overall term of the ENA, which ends June 30th, 2008, only the milestone date for completion of the term sheet. Staff feels this is a reasonable period of time to provide for proper public review of the term sheet.

Director Franklin asked for a description of the remaining steps for term sheet approval. Mr. Sylvan stated the Board will be presented with the finance plan at the next TIDA Board meeting. There would then be a series of two or three meetings with the TIDA Board and CAB to present the term sheet, respond to questions and move it through the CAB and TIDA Board process. After these meetings the term sheet will be moved to the Board of Supervisors process, likely in October.

Director Franklin asked if there are built in updates with the Board of Supervisors. Mr. Sylvan stated it will be important to keep the Board members up to speed as it moves into this process at the Board of Supervisors level.

Director Rosen stated she would like to clarify this is really a six month period, not month-to-month, however there is a thirty day right on each side to terminate.

Public Comment

Ms. Karen Knowles-Pearce, member of the CAB, stated that she fully supports the development group, they have put in a lot of time listening to the CAB and the public and have responded in kind. Suggested a joint TIDA-CAB meeting to hear a term sheet presentation.

Mr. Peter Thorner, San Francisco Boardsailign Association, stated that TICD has been responsive to their needs and they have made progress educating themselves. The Island is a great resource for sailboarding and kiteboarding.

Mr. Michael Thierault, San Francisco Building and Construction Trades Council, stated that TICD has been cooperative and has made an effort to reach out to them. Stated that they are owed the extra time to tie everything together.

Ms. Sherry Williams, TIHDI Executive Director, stated TIHDI is supportive of extending the milestone date. This plan incorporates the spirit of the homeless assistance agreement.

Mr. Chris Meaney, Treasure Island Community Development, stated that TICD takes its responsibility to meet the dates seriously. The dates were missed earlier due to extensive public

review, and TICD would be pleased with an extension. Thanked members of the public who are engaged in the public process.

Ms Ruth Gravanis stated she supports a schedule that calls for meaningful public process. This means more than attending public meetings. Documents need to be made available to the public for review well in advance. Encouraged the inclusion of public agency stakeholders as the document involves. Asked what KSWM Treasure Island LLC represents.

Director Elberling asked what the K in SWM means.

Mr. Sylvan stated that the K stands for Kenwood Investments in partnership with SWM. Director Elberling requested a copy of the revised project schedule at a future meeting.

Director Blout motioned for approval of Item 9

Director Rosen seconded the motion

Item 9 was approved unanimously

10. Possible Closed Session for Conference with Real Property Negotiator

There was no Public Comment on this item

Director Franklin motioned for the Board to move to Closed Session

Director Blout seconded the motion

The TIDA Board went into Closed Session at 3:00 PM

Persons Present for Closed Session Item 10:

Michael Cohen, Jack Sylvan – Mayor's Office of Base Reuse

The TIDA Board reconvened in Open Session at 3:56 PM

Director Elberling motioned not to disclose the Closed Session discussion

Director Rosen seconded the motion

The Closed Session discussion for Item 10 was not disclosed

11. Discussion of Future Agenda Items by Directors

There were no items discussed

12. Director Elberling motioned for adjournment

The meeting was adjourned at 4:00 PM



TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

Minutes of Meeting
Treasure Island Development Authority
July 26, 2006

City Hall, Room 400
1 Carlton B. Goodlett Place
San Francisco, CA

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SEP 28 2006

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1. **Call to Order:** 1:35 PM

Roll Call Present: Jesse Blout
John Elberling (Acting Chair)
Matthew Franklin
Marcia Rosen

Excused: Claudine Cheng
Jared Blumenfeld
Supervisor Chris Daly

2. **Report by Executive Director**

There was no discussion by the Board on this item.

3. **Report by the Mayor's Office of Base Reuse and Development**

Mr. Michael Cohen, Mayor's Office of Base Reuse, stated that there was a hearing at the MTC regarding the submarine cable agreements, which the TIDA Board has already approved. PG&E has asked MTC to oppose the arrangement. The Navy will not legally recognize PG&E, only TIDA. MTC eventually voted to approve the arrangement.

4. **Communications**

There was no discussion by the Board of the Communications

5. **Report by the Treasure Island/Yerba Buena Island Citizen Advisory Board**

Ms. Karen Knowles-Pearce, CAB Chair, stated the next CAB meeting is for August 1st. There will be CAB presentations after these upcoming meeting.

6. **Ongoing Business by Directors**

Director Rosen acknowledged the work of TIDA staff and stated that the Redevelopment Agency was happy to assist TIDA with past staffing needs, now that the TIDA-SFRA Agency Agreement is coming to an end.

7. General Public Comment

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**TREASURE ISLAND DEVELOPMENT AUTHORITY
REVISED SPECIAL MEETING AGENDA**

August 8, 2006, 6:00 P.M.

DOCUMENTS DEPT.

Casa de la Vista
Building 271 Avenue of the Palms
Treasure Island, San Francisco, CA 94130

AUG - 4 2006

SAN FRANCISCO
PUBLIC LIBRARY

Gavin Newsom, Mayor

03-04-1640718 REV

DIRECTORS

Claudine Cheng, Chair
Jesse Blout
Jared Blumenfeld
John Elberling

Matthew Franklin
Marcia Rosen
Supervisor Chris Daly (*ex-officio*)

Peter Summerville, Commission Secretary

THIS AGENDA IS A REVISION TO THE DRAFT AGENDA FOR THIS MEETING WHICH WAS ISSUED ON MONDAY, JULY 24th, 2006. THIS REVISED FINAL AGENDA & RELEVANT DOCUMENTS ARE ALSO AVAILABLE AT THE TREASURE ISLAND DEVELOPMENT AUTHORITY OFFICE, 410 AVENUE OF THE PALMS, BUILDING 1, TREASURE ISLAND & THE GOVERNMENT INFORMATION CENTER AT THE MAIN LIBRARY, 100 LARKIN STREET. PUBLIC COMMENT IS TAKEN ON EACH ITEM ON THE AGENDA.

ORDER OF BUSINESS

1. Call to Order and Roll Call
2. Report by Director (*Discussion Item*)
3. Report by Mayor's Office of Base Reuse and Development (*Discussion Item*)
4. Communications (*Discussion Item*)

5. Report by the Treasure Island/Yerba Buena Island Citizen's Advisory Board (*Discussion Item*)
6. Ongoing Business by Directors (*Discussion Item*)
7. General Public Comment (*Discussion Item*) ***In addition to General Public Comment (Item #7), Public Comment will be held during each item on the agenda.***
8. Report by City Administrator on the status of Transition of Project Office Staff and Hiring of Director of Island Operations (*Discussion Item*)
9. Report on Market Rate Housing Program Managed by John Stewart Company (*Discussion Item*)
10. Authorizing the Fourth Amendment to the John Stewart Company Sublease, Development, Marketing and Property Management Agreement to Increase Utility Rates from \$236.87 per occupied unit to \$255.00 per rentable unit. (*Action Item*)
11. Report by Treasure Island Homeless Development Initiative, Including Presentations by:
a) TIHDI Executive Director Sherry Williams; b) TIHDI Staff Report on Coordination Efforts with San Francisco Unified School District; c) Rubicon Programs; d) Boys and Girls Club of San Francisco; e) Kidango Child Care (*Discussion Item*)
12. Report by Treasure Island Project Office Regarding Island Operations, Including Presentations by: a) TIDA Staff; b) San Francisco Police Department; c) San Francisco Emergency Communications Department; d) Public Utilities Commission (*Discussion Item*)
13. Authorizing a Professional Services Agreement with the Embarcadero YMCA, a Branch of the YMCA of San Francisco, to Operate Building 402, the Treasure Island Gymnasium, and to Provide Recreational Programming in the Gymnasium through August 31, 2009 (*Action Item*)
14. Authorizing a No-Fee Sublease with the Embarcadero YMCA, a Branch of the YMCA of San Francisco for Building 402, the Treasure Island Gymnasium (*Action Item*)
15. Discussion of future agenda items. (*Discussion Item*)
16. Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Development Authority Office, 410 Avenue of the Palms, Building 1, Treasure Island, and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

Disability Access

The Treasure Island Development Authority holds its regular meetings at San Francisco City Hall. City Hall is accessible to persons using wheelchairs and others with disabilities. Assistive listening devices are available upon request. Agendas are available in large print. Materials in alternative formats and/or American Sign Language interpreters will be made available upon request. Please make your request for alternative format or other accommodations to the Mayor's Office on Disability 554-6789 (V), 554 6799 (TTY) at least 72 hours prior to the meeting to help ensure availability.

The nearest accessible BART station is Civic Center Plaza at the intersection of Market, Grove, and Hyde Streets. The accessible MUNI Metro lines are the J, K, L, M, and N (Civic Center Station or Van Ness Avenue Station). MUNI bus lines serving the area are the 47 Van Ness, 9 San Bruno, and the 6, 7, 71 Haight/ Noriega. Accessible curbside parking is available on 1 Dr. Carlton B. Goodlett Place and Grove Street. For more information about MUNI accessible services, call 923-6142.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based scented products. Please help the City to accommodate these individuals.

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing devices.

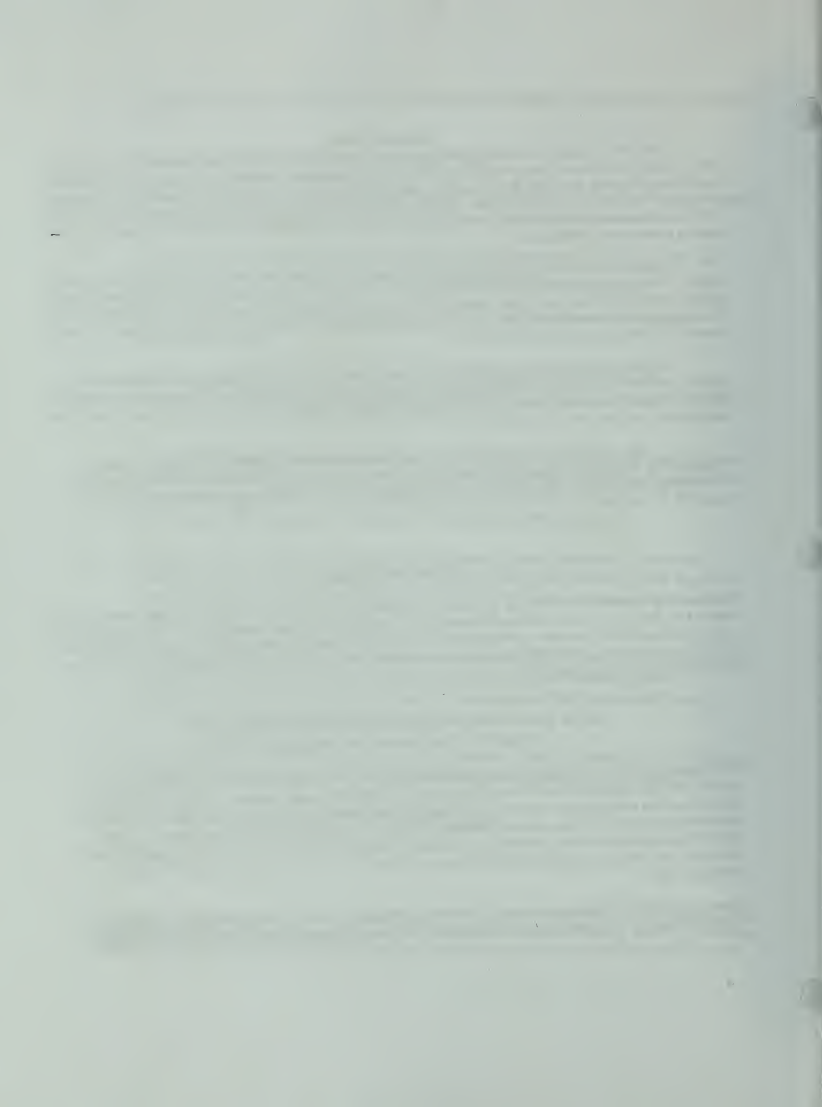
Lobbyist Ordinance

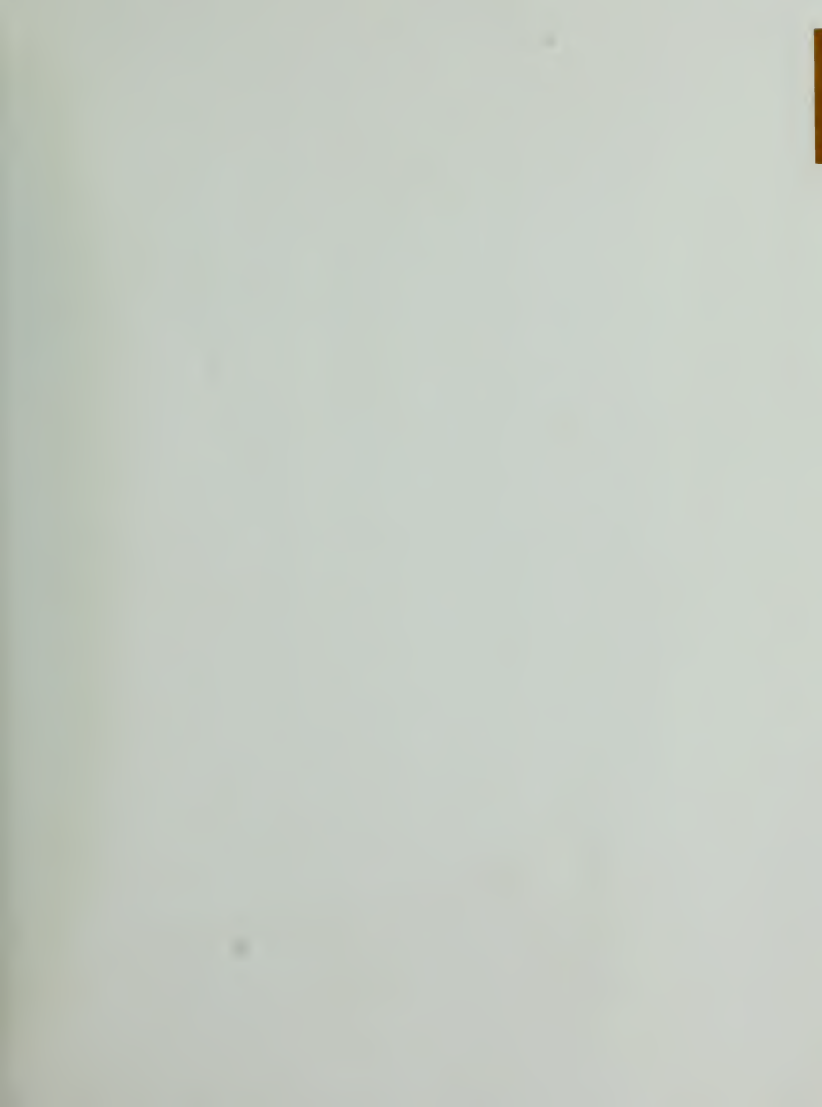
Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign and Governmental Code 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102, telephone (415) 581-2300, fax (415) 581-2317 and web site <http://www.sfgov.org/ethics/>.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at 415 554 7724; by fax at 415 554 7854; or by email at sotf@sfgov.org.

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>









August 2, 2006



Ms. Joanne Sakai
Interim Executive Director
Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
SF., CA 94130

SENT VIA FACSIMILE TO (415) 274-0299

Reference: Treasure Island Crime Statistics – August 2006

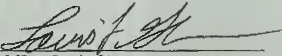
Dear Ms. Sakai:

There were fourteen incident reports filed with the San Francisco Police Department about occurrences on Treasure Island and Yerba Buena Island during the month of August 2006. Please see Attachment A for specific information.

Please Contact me at (415) 553-9154 or at Denis.O'Leary@sfgov.org if you have any questions.

Sincerely,

Denis F. O'Leary
Captain – Southern Station

By: 
Officer Louis Glaser
Southern Station
(415) 553-7959





AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject Authorizing the Fourth Amendment to the John Stewart Company Sublease, Development, Marketing and Property Management Agreement to Increase Utility Rates from \$236.87 to \$255.00 per unit. (*Action Item*) **Agenda Item No. 10**

Contact: Marc McDonald, Facilities Manager
(415) 274-0660

Meeting of: August 8, 2006

BACKGROUND

Treasure Island Development Authority (the "Authority") performs its Base Caretaker duties on behalf of the United States Navy pursuant to the Base Caretaker Cooperative Agreement as amended between United States Navy and TIDA. The agreement was initially signed on March 12, 1997 and is updated annually. Under the agreement, TIDA is referred to as the "Caretaker."

Obligations of the Caretaker are described generally in Articles I through XI of the Caretaker Agreement. Specific duties of the Caretaker are described in Function Annexes 1 through 9. Function Annex 6 – Utilities Services, describes the responsibilities of the Caretaker with respect to operation and maintenance of the utilities systems at Treasure Island and Yerba Buena Island. The San Francisco Public Utilities Commission (SFPUC) has been performing the Caretaker's responsibilities under Function Annex 6.

On March 17, 1999, the John Stewart Company ("Subtenant") and the Authority entered into a Sublease, Development, Marketing and Property Management Agreement (the "Sublease") for the development, marketing and property management of up to 766 housing units, at former Naval Station, Treasure Island, in San Francisco, California. At that time, utility fees were established by agreement between the Subtenant and the Authority at a flat fee of \$180 per rentable unit per month. The parties further agreed that the flat utility fee would be increased by four percent (4%) each succeeding year. Currently, the flat utility fee for occupied rentable units is \$236.87 per unit.

Utilities fees are embedded in the lease rate that residential tenants pay for their units. Since residential rental rates are established solely by market conditions, not the cost of doing business on Treasure Island, adjustments in utilities fees do not have an impact on the amount of money that tenants pay. Instead, increases in utilities fees are absorbed by the John Stewart Company and the Authority through a reduction in percentage rent distributions.

As is the case with most utilities providers in California, the cost of utilities maintenance and the cost of commodities, including natural gas have escalated substantially over the past year. The current cost to provide utilities, including natural gas, to Treasure Island residential consumers is \$2,819,160 (\$286.50 per unit). Collections to SFPUC under the residential rate structure total

\$2,117,618 (\$236.87 per unit). The result is that the SFPUC projects that the cost to provide utilities to Treasure Island residential tenants will exceed revenue by over \$700,000.

In an effort to address current and projected fluctuations in the cost of utilities commodities and services SFPUC staff has requested that the Authority authorize an increase in residential rates from \$236.87 per unit to \$286.50 per unit. This will assure that SFPUC receives recovery of all costs associated with providing utilities to the John Stewart residential units. TIDA staff agrees that the SFPUC request for a rate increase is a reasonable request based on the need of SFPUC to recover its costs associated with managing and operating the Treasure Island utilities infrastructure. However, staff is concerned that the magnitude of the requested increase may be detrimental to the health of the TIDA budget. Therefore staff recommends that the adjustment be limited to \$255.00 per rentable unit. Rates will continue to be adjusted by 4% each succeeding year. The result will increase SFPUC residential collections from \$2,117,618 per year to \$2,466,558 per year. This represents an increase of almost \$349,000 per year. The increase recommended by staff is in addition to the \$800,000 increase in the TIDA budget for utilities services.

Currently, SFPUC claims that TIDA has outstanding obligations in excess of \$2.2 million. This represents a current estimate of accumulated bills that TIDA has not paid SFPUC since the start of the project in 1997. Approval of the rate increase for the John Stewart Company residential units will not affect outstanding obligations to the SFPUC.

By the attached resolution and amendment to the John Stewart Company sublease staff requests approval of the Board of Directors to:

1. Establish residential utility rates of \$255 per rentable unit per month commencing beginning July 1, 2006. Establishment of this higher rate will enhance the ability of the SFPUC to recover sufficient funds to pay for commodities consumed and maintenance of the utilities systems on the base.

Approval of the proposed changes will allow the Authority to establish and maintain a process to adjust and manage residential utilities rates. This utility rate system will improve the ability of the Authority to allow SFPUC to recover the cost to purchase and supply utility commodities and to maintain the utilities systems on Treasure Island and Yerba Buena Island. Finally, this action will support the Authority's goal of reducing the potential for further increases in the Authority's current accrued balance for outstanding utilities obligations to SFPUC.

RECOMMENDATION

Staff recommends Authority Board approval of the proposal to amend the John Stewart Company sublease.

1 [Resolution Modifying Residential Utility Rates]

2 **Authorizing the Fourth Amendment to the John Stewart Company Sublease,**
3 **Development, Marketing and Property Management Agreement to Increase Utility Rates**
4 **from \$236.87 to \$255.00 per unit.**
5

6 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
7 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
8 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
9 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
10 conversion of former Naval Station Treasure Island (the "Base") for the public interest,
11 convenience, welfare and common benefit of the inhabitants of the City and County of
12 San Francisco; and,
13

14 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
15 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to
16 Chapter 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the
17 Authority as a redevelopment agency under California redevelopment law with authority over
18 the Base upon approval of the City's Board of Supervisors, and, (ii) with respect to those
19 portions of the Base which are subject to the Tidelands Trust, vested in the Authority the
20 authority to administer the public trust for commerce, navigation and fisheries as to such
21 property; and,

22 WHEREAS, The Board of Supervisors approved the designation of the Authority as a
23 redevelopment agency with powers over Treasure Island in Resolution No. 43-98, dated
24 February 6, 1998; and,
25

1 **WHEREAS**, On March 12, 1997, the Authority and the US Navy entered into the Base
2 Caretaker Cooperative Agreement ("Cooperative Agreement") for the management and
3 operation of the Base; and,

4 **WHEREAS**, Utilities commodities purchasing, and utilities system operation and
5 maintenance responsibilities have been delegated by the Authority to the San Francisco
6 Public Utilities Commission ("SFPUC"); and,

7 **WHEREAS**, On March 17, 1999, the John Stewart Company ("Subtenant") and the
8 Authority entered into a Sublease, Development, Marketing and Property Management
9 Agreement (the "Sublease") for the development, marketing and property management of up
10 to 766 housing units, at former Naval Station, Treasure Island, in San Francisco, California;
11 and,

12 **WHEREAS**, Pursuant to Paragraph 4. RATES, Exhibit L of the Sublease residential
13 utility rates for units managed by the Subtenant were established in 1999 at a flat rate of \$18
14 per rentable occupied unit per month and that such fee would be increased by four percent
15 (4%) each succeeding year; and,

16 **WHEREAS**, In accord with the formula for residential utility rates established in 1999,
17 the current residential utility rate is \$236.87 per unit; and,

18 **WHEREAS**, As is the case with most utilities providers in California, the cost of
19 commodities and maintenance have escalated substantially, and the revenues generated
20 from rates charged to utilities consumers on the Base are insufficient to pay for the cost of
21 commodities purchasing, operation and maintenance for such utilities systems; and,

22 **WHEREAS**, SFPUC staff has requested an increase of residential utility rates to
23 \$286.50 per unit, such rate being sufficient to recover all SFPUC costs associated with
24 providing utilities services to residential units on the Base; and,

1 above Resolution was duly adopted and approved by the Board of Directors of the
2 Authority at a properly noticed meeting on August 8, 2006.
3
4

5 Claudine Cheng, President
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RECYCLED PAPER MADE FROM 100% POST CONSUMER WASTE

**FOURTH AMENDMENT TO
SUBLEASE, DEVELOPMENT, MARKETING
AND PROPERTY MANAGEMENT AGREEMENT**

Between

TREASURE ISLAND DEVELOPMENT AUTHORITY

As Sublandlord

and

THE JOHN STEWART COMPANY

As Subtenant and Manager

July 26, 2006

THIS FOURTH AMENDMENT TO SUBLEASE, DEVELOPMENT, MARKETING AND PROPERTY MANAGEMENT AGREEMENT (this "Fourth Amendment"), dated as of July 26, 2006, is by and between the Treasure Island Development Authority (the "Authority") and the John Stewart Company, a California corporation ("Subtenant"). From time to time, the Authority and Subtenant together shall be referred to herein as the "Parties".

This Fourth Amendment is made with reference to the following facts and circumstances:

A. On March 17, 1999, Subtenant and the Authority entered into a Sublease, Development, Marketing and Property Management Agreement (the "Original Sublease") for the development, marketing and property management of up to 766 housing units, as shown on Exhibits B-1 and B-2 of the Original Sublease (the "Original Premises") at former Naval Station, Treasure Island, in San Francisco, California. The Original Sublease was amended on August 15, 2000 by the First Amendment to Sublease, Development, Marketing and Property Management Agreement (the "First Amendment"). The Parties entered into the Second Amendment to Sublease, Development, Marketing and Property Management Agreement (the "Second Amendment") on June 12, 2003 to amend the Phase 1 Premises and the Phase 2 Premises, respectively, and amend the Rent Schedule. On March 22, 2006, the Parties entered into the Third Amendment to Sublease, Development, Marketing and Property Management Agreement (the "Third Amendment") to extend the term of the Sublease on a month-to-month basis not to exceed the effective date of a disposition and development agreement between the Authority and a master developer for Treasure Island and Yerba Buena Island. The Original Sublease as amended by the First Amendment, Second Amendment, and Third Amendment are collectively referred to as the "Sublease."

B. As is the case with most utilities providers in California, the cost of commodities and maintenance have escalated substantially. Revenues generated from rates charged to utilities consumers on the Base are insufficient to pay for the cost of commodities purchasing, operation and maintenance for such utilities systems.

C. Authority staff, working with the SFPUC, recommended to the Authority Board of Directors that utilities rates for metered users be modified to reflect recommendations from San Francisco Public Utilities ("SFPUC") to adjust utilities rates. On March 8, 2006, the Authority Board of Directors adopted Authority Resolution No. 06-17-03/08 approving the SFPUC recommended modification of utility rates and establishing uniform metered utility rates for the former Naval Station Treasure Island. However, utility rates for the residential units subject to the Sublease are governed by Exhibit L of the Sublease, and in order to further the intent of Authority Resolution No. 06-17-03/08, the Authority must amend Exhibit L of the Sublease.

D. In order to further the intent of Authority Resolution No. 06-17-03/08, the Parties wish to amend Exhibit L to the Sublease regarding utilities.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt of which is hereby acknowledged, the Authority and Subtenant agree to amend the Sublease as follows:

1. Defined Terms. Capitalized terms not separately defined herein shall have the same meaning provided in the Sublease.
2. Exhibit L. Exhibit L of the Sublease is hereby amended in its entirety and replaced with the attached Exhibit L-1.
3. Terms and Conditions of Original Sublease Remain in Force and Effect. Except as specifically amended hereby, the terms and conditions of the Sublease shall remain in full force and effect.
4. Counterparts. This Third Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

The Authority and Subtenant have executed this Second Amendment in duplicate as of the date first written above.

SUBTENANT:

JOHN STEWART COMPANY
a California corporation

By: _____
Its: _____

AUTHORITY:

THE TREASURE ISLAND DEVELOPMENT
AUTHORITY

By: _____
Its: Executive Director

Approved as to Form:
DENNIS J. HERRERA, City Attorney

Deputy City Attorney

EXHIBITS TO FOURTH AMENDMENT

Exhibit L-1 – Utility Agreement

EXHIBIT L-1

1. Scope of Service. The Authority shall provide, or cause to be provided, the following utility services to the Premises:
 - a. Electricity. Electric services will be delivered to all Buildings at the current delivery points. Distribution systems will be maintained and operated to the weather-head overhead services and to five-feet from the exterior of any Building for underground service. Prior to commencing electric service, Subtenant shall submit a service request to the Authority with verification that such Building systems are safe for electric service. Issuance of a temporary certificate of occupancy by the City's Department of Building Inspection shall satisfy such verification requirements. Any changes or improvements to the electric service to the Premises will satisfy the requirements of the PG&E "Green Book."
 - b. Water. Water service shall be provided to the equivalent meter location at the five-foot line from the exterior of any Building. Reasonable water quality services and periodic sampling shall be available upon request.
 - c. Sewer and Storm System. All sanitary waste mains, lifts and service laterals shall be maintained to the first clean-out, or if there is no clean-out, to the five foot line from the exterior of any Building, and all drop inlets, catch basins, lines and lift stations related to the Base's storm system shall be maintained by the Authority.
 - d. Gas. Natural gas shall be delivered to a service point in each Building. Prior to commencing gas service, Subtenant shall submit a request to the Authority with certification that such Building systems are safe for gas service. Issuance of a temporary certificate of occupancy by the City's Department of Building Inspection shall satisfy such verification requirement.
2. Maintenance and Repair. Except as provided below, the Authority shall maintain and repair, or cause to be maintained or repaired, all such utility systems in good operating condition.
 - a. Subtenant shall maintain and repair in good operating condition the following components of such utility systems: (i) electrical, from mounted weather-head or stub out into and including each Building, the main disconnect panel, meter service components, if any, and all parking lights for individual Buildings, (ii) water, from a point five feet out into and including each Building, (iii) sewer and storm systems, from first clean-out or, if there is no clean-out, from a point five feet out into and including each Building, and all swales and ditches within the Premises, and (iv) gas, from building valve (equivalent meter location) into and including each Building, and pilot lights.

3. Access: Cooperation. Subtenant shall provide the Authority and any utility service providers used by the Authority for the purposes stated herein reasonable access in and across the Premises to maintain, repair and operate any such utility services or systems. Subtenant and the Authority shall coordinate all work related to the provision of utility services hereunder and the Authority shall use commercially reasonable efforts to minimize the impacts of such utility maintenance, repair and/or operation on Residential Tenants.
4. Rates. Commencing on July 1, 2006, Subtenant shall pay a flat rate of \$255 per rentable unit per month (the "Base Utility Fee") for the utility services described herein. The Base Utility Fee shall be increased by 4% each succeeding anniversary of the Fourth Amendment to the Sublease.
5. Rentable Units. Rentable Units is defined as the number of units available for occupancy as residential units on Treasure Island and Yerba Buena Island. The Parties agree that on July 1, 2006, there are 624 Rentable Units on Treasure Island and Yerba Buena Island.
6. Energy Conservation Upgrades. As material consideration for the Base Utility Fee, Subtenant shall install and maintain water and energy conservation equipment and construction in all Rentable Units in compliance with the residential energy conservation requirements of the San Francisco Public Utilities Commission and San Francisco Water Department, including installing and maintaining (i) water heater insulation, (ii) weather-stripping at doors and unheated areas, (iii) low flow shower heads, faucet aerators (where possible based upon existing faucet design), and (iv) low flow toilets or flush reducers on toilets. In addition, all exterior spigots shall have antisiphon devices and area irrigation systems shall have backflow preventors. Subtenant shall also establish an energy conservation education program for Residential Tenants to the reasonable satisfaction of the Authority.

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1155 Market St., 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161 • TTY (415) 554.3488

**MEMORANDUM**

TO: SFPUC Commissioners
Susan Leal, General Manager

THRU: Barbara Hale, Assistant General Manager, Power Enterprise

FROM: Gregg Olson, Power Enterprise
Samuel Laraño, Power Enterprise

RE: Proposed Increase of Flat Utility Rate for Non-Metered Residential Units
at Treasure Island/Yerba Buena Island

DATE: June 8, 2006

GAVIN NEWSOM
MAYOR

RICHARD SKLAR
PRESIDENT

ANN MOLLER CAEN
VICE PRESIDENT

E. DENNIS NORMANDY
ADAM WERBACH
RYAN L. BROOKS

SUSAN LEAL
GENERAL MANAGER

Purpose

This memorandum summarizes the Treasure Island Development Authority's (TIDA) proposed increase of the flat utility rate for non-metered residential units at Treasure Island and Yerba Buena Island (TI/YBI).

Background

Historically, the Navy has not metered utility usage for all buildings and tenants at TI/YBI. While metered tenants are charged utility rates that have remained unchanged since 1997, non-metered residential units are assessed a flat rate that is built into the lease. After redevelopment, all tenants will be individually metered.

In 1999, a monthly flat rate for non-metered residential units was established by TIDA at \$180 per rentable unit. The flat rate was adjusted annually by an increase of four percent (4%). Based on this yearly adjustment, the current monthly flat utility rate as of May 2006 is \$236.87 per rentable unit.

Proposed Rate Change by TIDA

Acting on its authority as the TI/YBI Caretaker to set and enforce utility rates, under the 1997 Cooperative Agreement with the U.S. Navy, TIDA had requested the SFPUC to perform an analysis of the flat rate and to propose an adjustment to the flat utility rate to recover operations and maintenance (O&M) costs of the utility systems.

Using the last three years of historical O&M cost data, total and metered use, and estimated system losses, the SFPUC calculated approximate utility use and costs for

the non-metered customers and assessed the adequacy of the existing flat rate with respect to operating and maintaining the utility systems. From this analysis, it was calculated that a \$281 monthly flat utility rate, multiplied by the current 745 occupied residential units, yielding revenue of approximately \$2.5 million per year, is needed to recover the O&M cost of the utility systems at TI/YBI.

With the number of occupied units fluctuating per month, TIDA proposed to use the fixed number of available units for rent of 820, regardless of occupancy. The units available for rent are divided into two categories – 624 units managed by the John Stewart Company (“JSCO Units”) and 196 units managed by organizations affiliated with the Treasure Island Homeless Development Initiative (“TIHDI Units”).

TIDA has negotiated an agreement with the John Stewart Company to increase the Flat Rate for all rentable units managed by the John Stewart Company. New rates through the JSCO units are available immediately.

Rate adjustments for the 196 TIHDI units are not available immediately. TIDA is negotiating with TIHDI to increase rates. TIHDI member organizations provide housing for people in transition from homelessness and other conditions. Their funding sources are limited to grants. Expense adjustments, including utility expense adjustments, are available only as a part of annual grant adjustments. Pending receipt of new or adjusted grants, TIHDI utility rates will remain \$236.87, which amount will be adjusted annually by 4%.

Table 1 shows that the current flat rate of \$236.87, with 745 occupied units, produces revenues of approximately \$2.1 million for fiscal year 2005-2006 (FY05-06), which is below the estimated \$2.5 million needed to meet the utility usage by flat rate customers. TIDA’s proposed rates of \$255.00 for 624 JSCO units and \$236.87 for 196 TIHDI units will produce approximately the \$2.5 million to offset utility O&M costs. The annual flat rate increase of 4% is maintained in order to offset, at least partially, increases from inflation and energy costs.

Table 1. TIDA's current and proposed method for billing flat-rate customers at Treasure Island and Yerba Buena Island

Billing Method	Flat Rate (\$/unit/month)	Rentable Units*	Annual Revenue	Annual Flat Rate Increase**
Current (May 2006)	\$236.87	745 (occupied)	\$2,117,618	4%
Proposed (July 2006)***				
JSCO Units	\$255.00	624	\$1,909,440	4%
TIHDI Units	\$236.87	196	\$557,118	4%
		820 (available)	\$2,466,558	
Change	+\$18.13 (JSCO only)	+75	+\$348,940	no change

*The number of rentable units will be increased from 745 to 820. The number of rentable units will be 820 or more with each succeeding year.

**Rate increases become effective May 1 of each succeeding year.

***Calculations based on FY04-05 data

Rate to Offset Increase in Natural Gas Costs

The rate analysis performed used historical costs that reflect a rate of \$0.60 per therm for natural gas. However, natural gas prices have increased sharply over the last year. For FY05-06, the commodity cost of natural gas has been approximately \$0.98 per therm.

Using the \$0.98 per therm average cost for the purchase of the natural gas would increase the cost of service to the non-metered customers, and require an increase to the flat utility rate. As summarized in Table 2, a rate of \$286.50 (based on 820 rentable units) would be necessary to account for the recent increase in gas prices.

Table 2. Flat-rate to offset FY05-06 increase in natural gas costs, Treasure Island and Yerba Buena Island

Billing Method	Flat Rate (\$/unit/month)	Rentable Units*	Annual Revenue	Annual Flat Rate Increase**
Rate with FY05-06 Gas Cost***	\$286.50	820	\$2,819,160	4%

*The number of rentable units will be increased from 745 to 820. The number of rentable units will be 820 or more with each succeeding year.

**Rate increases become effective May 1 of each succeeding year.

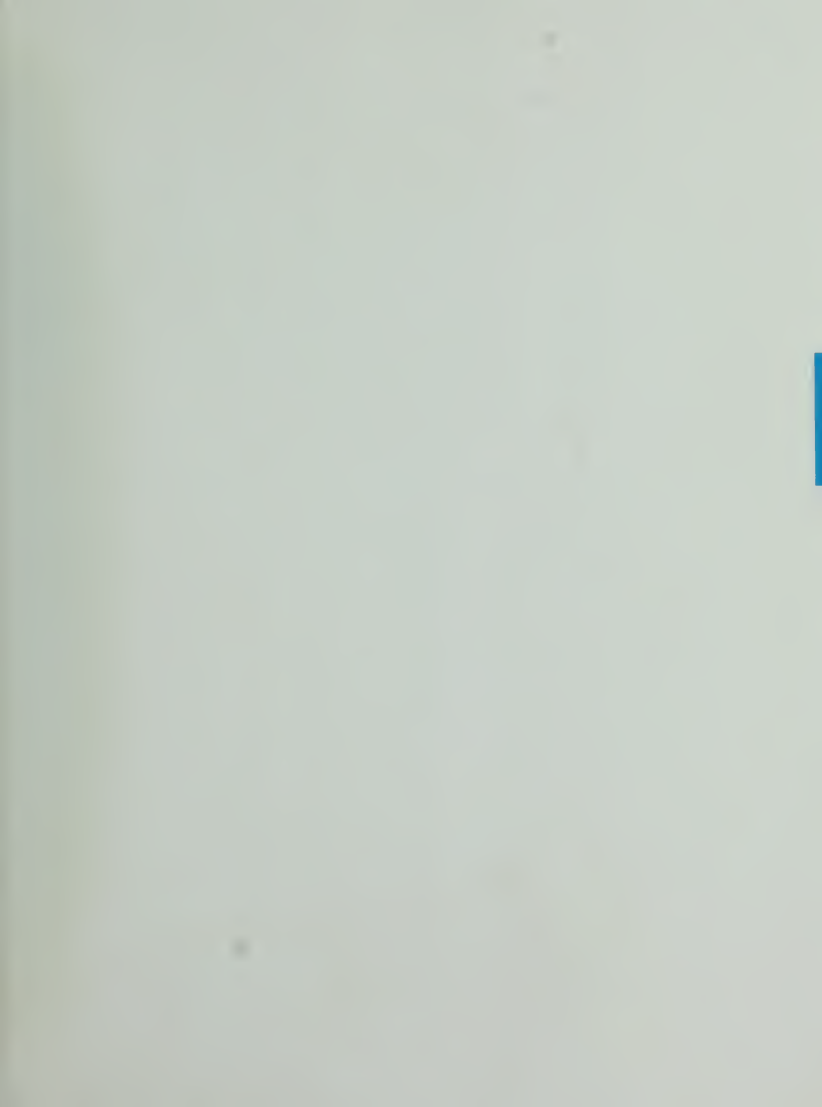
***Calculations based on FY04-05 data with a substitution of \$0.98/therm for \$0.60/therm to better represent FY05-06 natural gas prices.

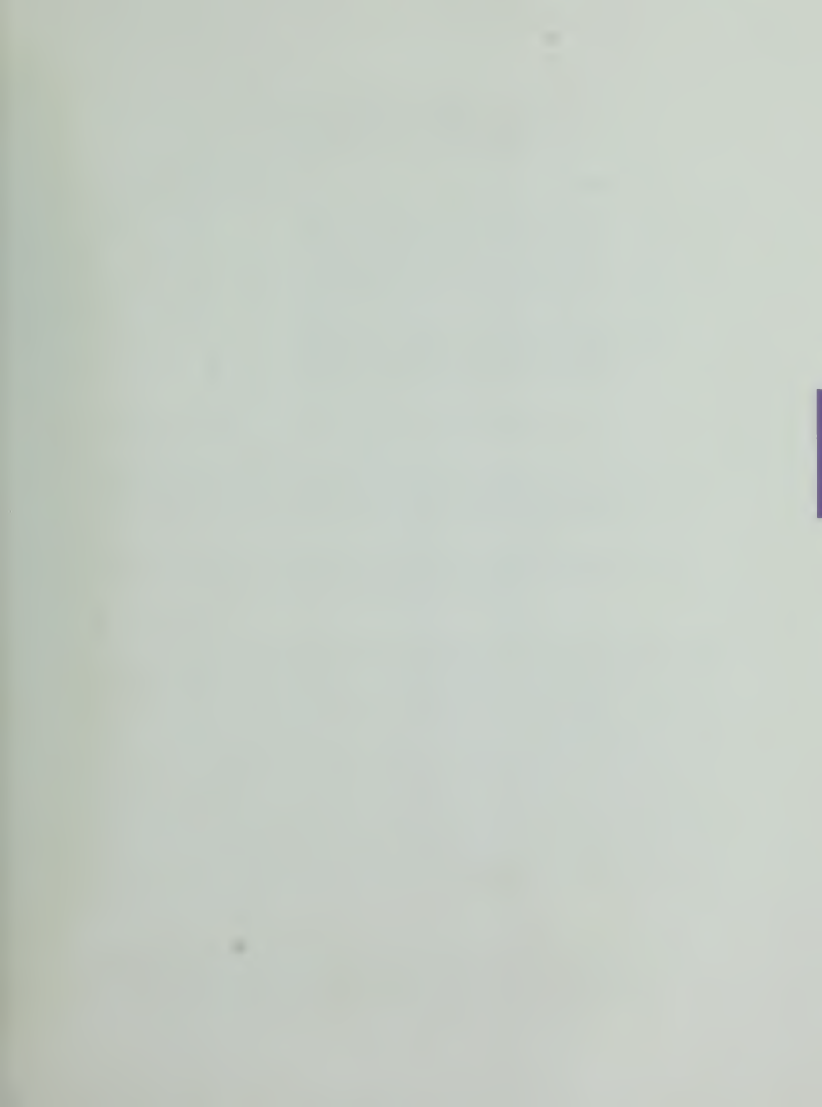
PUC Recommendation

The SFPUC recommended to TIDA a flat rate of \$286.50, based on 820 rentable units, to account for the recent increase in natural gas costs.

While TIDA's flat rates of \$255.00 for JSCO and \$236.87 for TIHDI provide an approximate \$350,000 increase in revenues, it does not account for the recent increase in the cost to procure natural gas and may require future adjustments to recover operations and maintenance costs.







AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No. 13 & 14

August 8, 2006

Subject: Resolution Authorizing a Professional Services Agreement with the Embarcadero YMCA, a Branch of the YMCA of San Francisco, to Provide Recreational Programming in the Gymnasium through August 31, 2009 (*Action Item*)

Resolution Authorizing a No-Fee Sublease with the Embarcadero YMCA, a Branch of the YMCA of San Francisco for Building 402, the Treasure Island Gymnasium (*Action Item*)

Staff Contact/Phone: Peter Summerville (415) 274-0660

SUMMARY OF PROPOSED ACTION

Approval of a three year contract with the Embarcadero YMCA, a branch of the YMCA of San Francisco, for the operation and provision of recreational programming at the Treasure Island Gymnasium.

Approval of a sublease with the Embarcadero YMCA, a branch of the YMCA of San Francisco, for Building 402, the Treasure Island Gymnasium

BACKGROUND:

On June 28, 2004, the Executive Director of TIDA executed a month-to-month sublease with the Treasure Island Homeless Development Initiative (TIHDI) for use of Building 402 (The Treasure Island Gymnasium). The Treasure Island Gymnasium opened for public use in July of 2004, with operations and recreation programming provided through TIHDI. At its regular meeting of November 10, 2004, the Treasure Island Development Authority Board of Directors authorized extension of the sublease with TIHDI through June 30, 2005. Subsequently, TIHDI undertook a selection process to identify an appropriate organization to operate and program the Gymnasium, and through this process selected Catholic Charities/CYO (CC/CYO), who has operated the gymnasium since that time. At its June 8, 2005 meeting the Board approved a one year sublease with CC/CYO for Building 402 and also a professional services agreement with CC/CYO to continue to operate and staff the Gymnasium and to organize and program recreational and leisure activities, leagues, tournaments and other organized events for the benefit of Island and City residents.

In anticipation of the expiration of the contract with CC/CYO, at the April 17th, 2006 meeting the Authority authorized staff to issue a Request for Proposals (RFP) to solicit competitive proposals for a professional services contract for the operation of the Gymnasium and programming of recreation and leisure services at the Gymnasium.

With the assistance of the Department of Children, Youth and Families, the RFP document was distributed to recreation service providers throughout the area. A pre-proposal conference was held on May 26th, 2006 allowing potential respondents the opportunity to assess the facility and formulate any questions or necessary clarifications about the scope of work. This conference was attended by three interested groups, CC/CYO, the San Francisco Jewish Community Center and the Embarcadero YMCA. At the end of the bid period one response was received, from the Embarcadero YMCA.

The Embarcadero YMCA's response was reviewed and scored by a review panel consisting of representatives from TIDA, TIHDI, the San Francisco Department of Recreation and Parks, the Department of Children, Youth and Families, and residents of Treasure Island. The response was evaluated based on several key criteria including experience providing recreation and leisure programming to a diverse community, prior experience working with diverse communities, and experience providing recreation and leisure programming for youth and children. The panel scoring found the Embarcadero YMCA's response met the review criteria set forth in the RFP document.

Based on the RFP process and the panel's review of the submitted response, the Embarcadero YMCA meets all the criteria set forth in the RFP document for being an appropriate gymnasium operator and recreation provider. Before the Board today is a professional services contract between TIDA and the Embarcadero YMCA. The contract is for a term of three years, with a not-to-exceed contracted amount of \$215,000 per year for each year of the agreement payable on a monthly basis. The contract calls for the YMCA to staff and operate the Treasure Island Gymnasium and to organize and program recreation and leisure activities out of the gymnasium for the benefit of Treasure and Yerba Buena Island residents as well as residents of the entire City of San Francisco. The general scope of programming services to be provided by the Embarcadero YMCA for programming of recreation and leisure services is listed as Appendix A to the contract. Pending Board approval, Embarcadero YMCA staff and TIDA staff will work to engage the Island community in order to identify the recreational needs of the community as well as identify activities and opportunities deemed desirable by the community.

Additionally, before the Board is a sublease between TIDA and the Embarcadero YMCA for the Gymnasium (Building 402). This sublease is on a no-fee basis, and is contingent on the YMCA's use of the building in fulfilling the separate professional services agreement for recreation and leisure programming. The terms of the sublease dictate that the Embarcadero YMCA will be responsible for day to day maintenance, as well as up to \$10,000 per year in routine repairs to the facility. Major repairs to the facility, such as major structural, roof and boiler repairs, will be the responsibility of the Authority. The Authority will also pay all utility costs associated with the facility.

RECOMMENDATION:

Staff recommends approval of this item.

EXHIBITS:

Item 13:

1. Professional Services Agreement between TIDA and the Embarcadero YMCA, a branch of the YMCA of San Francisco

Item 14:

2. Sublease for Building 402, the Treasure Island Gymnasium, between TIDA and the Embarcadero YMCA, a branch of the YMCA of San Francisco

1 [Approving a Professional Services Agreement with the Embarcadero YMCA, a branch
2 of the YMCA of San Francisco]

3 **Authorizing a Professional Services Agreement with the Embarcadero YMCA, a Branch**
4 **of the YMCA of San Francisco, to Operate Building 402, the Treasure Island**
5 **Gymnasium, and to Provide Recreational Programming in the Gymnasium through**
6 **August 31, 2009**

7 WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed
8 Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a
9 nonprofit public benefit corporation known as the Treasure Island Development Authority (the
10 "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction,
11 rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for
12 the public interest, convenience, welfare and common benefit of the inhabitants of the City
13 and County of San Francisco; and,

14 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
15 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
16 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority
17 as a redevelopment agency under California redevelopment law with authority over the Base
18 upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the
19 Base which are subject to the Tidelands Trust, vested in the Authority the authority to
20 administer the public trust for commerce, navigation and fisheries as to such property; and,

21 WHEREAS, THE Authority and the United States of America, acting by and through
22 the Department of the Navy entered into Master Lease (Lease No. N6247499RP00B08) on
23 April 5, 1997 for use of Building 402 commonly referred to as the Gymnasium, together with a
24 non-exclusive right to use certain parking areas adjacent thereto; and,

1 WHEREAS, The Master Lease enables the Authority to sublease the leasehold
2 premises for interim use; and,

3 WHEREAS, at its April 17, 2006 meeting the Authority Board authorized staff to issue
4 a Request for Proposals for selection of an appropriate recreation services provider to
5 operate the Gymnasium and to provide recreation and leisure services at the Gymnasium for
6 the benefit of the residents of Treasure and Yerba Buena Island as well as residents of the
7 City of San Francisco; and

8 WHEREAS, a Request for Proposal document was publicly issued by the Authority
9 and an RFP process was undertaken by staff; and,

10 WHEREAS, one response to the Request for Proposal was received by the completion
11 of the Request for Proposals process, from the Embarcadero YMCA, and

12 WHEREAS, a panel of relevant experts representing the Authority, the Island
13 Community, the Department of Parks and Recreation and the Department of Children, Youth
14 and Families, reviewed the proposal and found it to meet the criteria as set forth in the
15 Request for Proposals, and

16 WHEREAS, it has been determined through process that the response of the
17 Embarcadero YMCA meets the criteria of a suitable operator of the Treasure Island
18 Gymnasium and provider of recreation and leisure services at the gymnasium; now therefore,
19 be it

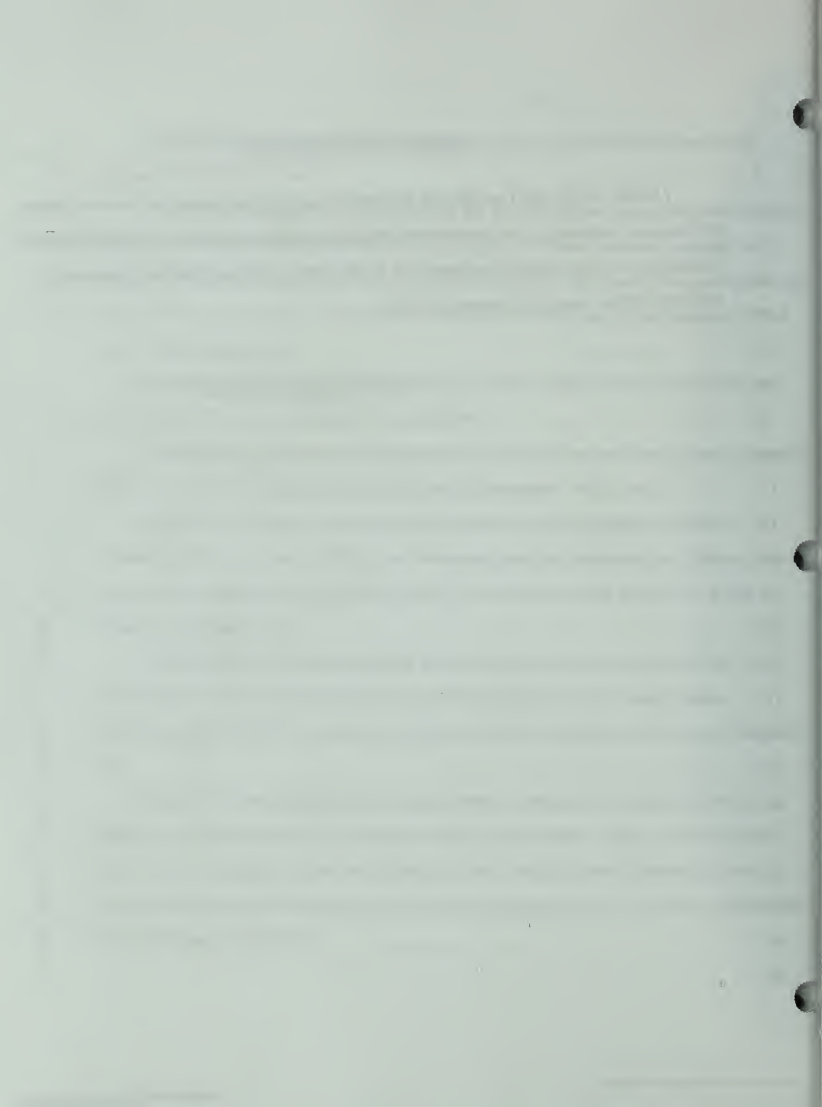
20 RESOLVED, that the Board of Directors hereby authorizes the Executive Director to
21 execute a professional services agreement with the Embarcadero YMCA, a branch of the
22 YMCA of San Francisco, to operate Building 402, the Treasure Island Gymnasium, and to
23 provide recreational programming in the Gymnasium through August 31, 2009 in substantially
24 the form attached as Exhibit A.

25

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting President of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on August 8, 2006.

Claudine Cheng, President





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Agreement between the
Treasure Island Development Authority
and

The Embarcadero YMCA, a Branch of the YMCA of San Francisco

This Agreement is made this 1st day of September, 2006, in the City and County of San Francisco, State of California, by and between: **The Embarcadero YMCA, a branch of the YMCA of San Francisco**, hereinafter referred to as "Contractor," and the **Treasure Island Development Authority**, a California public benefit corporation, hereinafter referred to as "Authority," acting by and through its Executive Director, or the Director's designated agent.

Recitals

WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, Treasure Island was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the City's Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish the Authority to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (I) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the Base which are subject to Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and

WHEREAS, The Board of Supervisors approved the designation of the Authority as a redevelopment agency for Treasure Island in 1997; and,

WHEREAS, the residents of San Francisco have requested recreational facilities on Treasure Island, including a gymnasium; and,

WHEREAS, the Authority wishes to provide recreational services to the Treasure Island community and other residents of San Francisco through the facility known as the Treasure Island Gymnasium; and,

WHEREAS, a Request for Proposal ("RFP") was issued on April 17, 2006, and the Authority selected Contractor as the highest qualified scorer pursuant to the RFP; and

WHEREAS, Contractor represents and warrants that it is qualified to perform the services required by Authority as set forth under this Contract;

Now, THEREFORE, the parties agree as follows:

1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation

This Agreement is subject to the budget and fiscal provisions of the Charter of the City and County of San Francisco ("Charter"). Charges will accrue only after prior written authorization certified by the Controller of the City and County of San Francisco ("Controller"), and the amount of the obligation of the Authority or the City and County of San Francisco ("City") hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization.

This Agreement will terminate without penalty, liability or expense of any kind to Authority at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated.

Authority has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. Authority and City budget decisions are subject to the discretion of the City's Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. Term of the Agreement

Subject to Section 1, the term of this Agreement shall be from **September 1, 2006 to August 31, 2009**. [Confirm dates – Sublease dates are different]

3. Effective Date of Agreement

This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing.

4. Services Contractor Agrees to Perform

The Contractor agrees to perform the services ("Programming Services") provided for in Appendix A, "Description of Services," attached hereto and incorporated by reference as though fully set forth herein.

5. Compensation

Compensation shall be made in monthly payments on or before the 1st day of each month for work, as set forth in Section 4 of this Agreement, that the Executive Director, in his or her sole discretion, concludes has been performed as of the final day of the immediately preceding month. In no event shall the amount of this Agreement exceed Two Hundred Fifteen Thousand Dollars (\$215,000) per year. The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the Executive Director as being in accordance with this Agreement. Authority may

withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall City be liable for interest or late charges for any late payments.

The Controller is not authorized to pay invoices submitted by Contractor prior to Contractor's submission of HRC Form 7, "Prime Consultant/Joint Venture Partner(s) and Sub-consultant Participation Report." If HRC Form 7 is not submitted with Contractor's invoice, the Controller will notify the department, the Director of HRC and Contractor of the omission. If Contractor's failure to provide HRC Form 7 is not explained to the Controller's satisfaction, the Controller will withhold 20% of the payment due pursuant to that invoice until HRC Form 7 is provided.

Following City's payment of an invoice, Contractor has ten days to file an affidavit using HRC Form 9, "Sub-Consultant Payment Affidavit," verifying that all subcontractors have been paid and specifying the amount.

6. Guaranteed Maximum Costs

a. The Authority's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

b. Except as may be provided by laws governing emergency procedures, officers and employees of the Authority are not authorized to request, and the Authority is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law.

c. Officers and employees of the Authority are not authorized to offer or promise, nor is the Authority required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller.

d. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

7. Payment; Invoice Format

Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller, and must include the Contract Progress Payment Authorization number. All amounts paid by Authority to Contractor shall be subject to audit by Authority.

Payment shall be made by Authority to Contractor at the address specified in the section entitled "Notices to the Parties."

8. Submitting False Claims; Monetary Penalties

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the Authority for three times the amount of damages which the Authority sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the Authority for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the Authority for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the Authority if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the Authority a false claim or

request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the Authority; (c) conspires to defraud the Authority by getting a false claim allowed or paid by the Authority; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the Authority; or (e) is a beneficiary of an inadvertent submission of a false claim to the Authority, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the Authority within a reasonable time after discovery of the false claim.

9. Left Blank by Agreement of the Parties

10. Taxes

a. Payment of any taxes, including possessory interest taxes and California sales and use taxes, levied upon or as a result of this Agreement, or the services delivered pursuant hereto, shall be the obligation of Contractor.

b. Contractor recognizes and understands that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of Authority property for private gain. If such a possessory interest is created, then the following shall apply:

(1) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest;

(2) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the Authority to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

(3) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

(4) Contractor further agrees to provide such other information as may be requested by the Authority to enable the Authority to comply with any reporting requirements for possessory interests that are imposed by applicable law.

11. Payment Does Not Imply Acceptance of Work

The granting of any payment by Authority, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that do not conform to the requirements of this Agreement may be rejected by Authority and in such case must be replaced by Contractor without delay.

12. Qualified Personnel

Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor. Contractor will comply with Authority's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at Authority's request, must be supervised by Contractor. Contractor shall commit adequate resources to complete the project within the project schedule specified in this Agreement.

13. Responsibility for Equipment

Authority shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its employees, even though such equipment be furnished, rented or loaned to Contractor by City.

14. Independent Contractor; Payment of Taxes and Other Expenses

a. **Independent Contractor.** Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by Authority under this Agreement. Contractor or any agent or employee of Contractor shall not have employee status with Authority, nor be entitled to participate in any plans, arrangements, or distributions by Authority pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between Authority and Contractor or any agent or employee of Contractor.

Any terms in this Agreement referring to direction from Authority shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. Authority does not retain the right to control the means or the method by which Contractor performs work under this Agreement.

b. **Payment of Taxes and Other Expenses.** Should Authority, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). Authority shall then forward those amounts to the relevant taxing authority.

Should a relevant taxing authority determine a liability for past services performed by Contractor for Authority, upon notification of such fact by Authority, Contractor shall promptly remit such amount due or arrange with Authority to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability).

A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of Authority. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that Contractor is an employee for any other purpose,

then Contractor agrees to a reduction in the financial liability of the Authority so that Authority's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

15. Insurance

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(1) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident; and

(2) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(3) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

(4) Liability insurance with limits not less than \$1,000,000 each claim with respect to negligent acts, errors or omissions in connection with services to be provided under this Agreement.

b. Commercial General Liability and Commercial Automobile Liability Insurance policies must provide the following:

(1) Name as Additional Insured the Treasure Island Development Authority, the City and County of San Francisco, the United States Navy and their Officers, Agents, and Employees.

(2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. All policies shall provide thirty days' advance written notice to Authority of cancellation mailed to the following address:

Treasure Island Development Authority

410 Avenue of the Palms

Treasure Island

San Francisco, CA. 94130

d. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

e. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in

such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

f. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the Authority receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the Authority may, at their sole option, terminate this Agreement effective on the date of such lapse of insurance.

g. Before commencing any operations under this Agreement, Contractor shall do the following:
(a) furnish to Authority certificates of insurance, and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to Authority, in form evidencing all coverages set forth above, and
(b) furnish complete copies of policies promptly upon Authority's request. Failure to maintain insurance shall constitute a material breach of this Agreement.

h. Approval of the insurance by Authority shall not relieve or decrease the liability of Contractor hereunder.

16. Indemnification

Contractor shall indemnify and save harmless Authority and/or City and their officers, agents and employees from, and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Contractor or loss of or damage to property, arising directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, Contractor's use of facilities or equipment provided by Authority and/or City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on Authority and/or City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of Authority and/or City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Authority and/or City's costs of investigating any claims against the Authority and/or City.

In addition to Contractor's obligation to indemnify Authority and/or City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend Authority and/or City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by Authority and/or City and continues at all times thereafter.

Contractor shall indemnify and hold Authority and/or City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by Authority and/or City, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

17. Incidental and Consequential Damages

Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that Authority or City may have under applicable law.

18. Liability of Authority

AUTHORITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 5 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL AUTHORITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

19. Left Blank by Agreement of the Parties

20. Default; Remedies

a. Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

(1) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement: 8, 10, 15, 24, 30, 37, 53, 55, 57 or 58.

(2) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, and such default continues for a period of ten days after written notice thereof from Authority to Contractor.

(3) Contractor (A) is generally not paying its debts as they become due, (B) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (C) makes an assignment for the benefit of its creditors, (D) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property or (E) takes action for the purpose of any of the foregoing.

(4) A court or government authority enters an order (A) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (B) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (C) ordering the dissolution, winding-up or liquidation of Contractor.

b. On and after any Event of Default, Authority shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, Authority shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to Authority on demand all costs and expenses incurred by Authority in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. Authority shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between Authority and Contractor all damages, losses, costs or expenses incurred by Authority as a result of such Event of Default and any liquidated damages due from Contractor pursuant to the terms of this Agreement or any other agreement.

c. All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

21. Termination for Convenience

a. Authority shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. Authority shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

b. Upon receipt of the notice, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by Authority and to minimize the liability of Contractor and Authority to third parties as a result of termination. All such actions shall be subject to the prior approval of Authority. Such actions shall include, without limitation:

(1) Halting the performance of all services and other work under this Agreement on the date(s) and in the manner specified by Authority.

(2) Not placing any further orders or subcontracts for materials, services, equipment or other items.

(3) Terminating all existing orders and subcontracts.

(4) At Authority's direction, assigning to Authority any or all of Contractor's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, Authority shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(5) Subject to Authority's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(6) Completing performance of any services or work that Authority designates to be completed prior to the date of termination specified by Authority.

(7) Taking such action as may be necessary, or as the Authority may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which Authority has or may acquire an interest.

c. Within 30 days after the specified termination date, Contractor shall submit to Authority an invoice, which shall set forth each of the following as a separate line item:

(1) The reasonable cost to Contractor, without profit, for all services and other work Authority directed Contractor to perform prior to the specified termination date, for which services or work City has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of 10% of Contractor's direct costs for services or other work. Any overhead allowance shall be separately itemized. Contractor may also recover the reasonable cost of preparing the invoice.

(2) A reasonable allowance for profit on the cost of the services and other work described in the immediately preceding subsection (1), provided that Contractor can establish, to the satisfaction of Authority, that Contractor would have made a profit had all services and other work under this

Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5% of such cost.

(3) The reasonable cost to Contractor of handling material or equipment returned to the vendor, delivered to the Authority or otherwise disposed of as directed by the Authority.

(4) A deduction for the cost of materials to be retained by Contractor, amounts realized from the sale of materials and not otherwise recovered by or credited to Authority, and any other appropriate credits to Authority against the cost of the services or other work.

d. In no event shall Authority be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by City, except for those costs specifically enumerated and described in the immediately preceding subsection (c). Such non-recoverable costs include, but are not limited to, anticipated profits on this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under such subsection (c).

e. In arriving at the amount due to Contractor under this Section, Authority may deduct: (1) all payments previously made by Authority for work or other services covered by Contractor's final invoice; (2) any claim which Authority may have against Contractor in connection with this Agreement; (3) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection (d); and (4) in instances in which, in the opinion of the Authority, the cost of any service or other work performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected services or other work, the difference between the invoiced amount and Authority's estimate of the reasonable cost of performing the invoiced services or other work in compliance with the requirements of this Agreement.

f. Authority's payment obligation under this Section shall survive termination of this Agreement.

22. Rights and Duties Upon Termination or Expiration

a. This Section and the following Sections of this Agreement shall survive termination or expiration of this Agreement: 8 through 11, 13 through 18, 24, 26, 27, 28, 48 through 52, 56, and 57.

b. Subject to the immediately preceding subsection (a), upon termination of this Agreement prior to expiration of the term specified in Section 2, this Agreement shall terminate and be of no further force or effect. Contractor shall transfer title to Authority, and deliver in the manner, at the times, and to the extent, if any, directed by Authority, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to Authority. This subsection shall survive termination of this Agreement.

23. Conflict of Interest

Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provisions of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify the Authority if it becomes aware of any such fact during the term of this Agreement.

24. Proprietary or Confidential Information of the Authority

Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by Authority and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to Authority. Contractor agrees that all information disclosed by Authority to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

25. Notices to the Parties

Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, e-mail or by fax, and shall be addressed as follows:

To Authority: **Treasure Island Development Authority**

410 Avenue of the Palms

Treasure Island

San Francisco, CA. 94130

Attn: Executive Director

Phone: (415) 274-0660

Fax: (415) 274-0299

To Contractor: **The Embarcadero YMCA of San Francisco**

169 Steuart Street

San Francisco, CA 94105

Attn: Executive Director

Phone: (415) 957-9622

Fax: (415) 957-1260

Any notice of default must be sent by registered mail.

26. Ownership of Results

Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Contractor or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to Authority. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

27. Works for Hire

If, in connection with services performed under this Agreement, Contractor or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the Authority. If it is ever determined that any works created by Contractor or its subcontractors under this Agreement are not works for hire under U.S. law, Contractor hereby assigns all copyrights to such works to the Authority, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the Authority, Contractor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

28. Audit and Inspection of Records

Contractor agrees to maintain and make available to the Authority, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit Authority to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than three years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon Authority by this Section.

29. Subcontracting

Contractor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by Authority in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

30. Assignment

The services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Contractor unless first approved by Authority by written instrument executed and approved in the same manner as this Agreement.

31. Non-Waiver of Rights

The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

32. Earned Income Credit (EIC) Forms

Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

a. Contractor shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Agreement becomes effective (unless Contractor has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Contractor; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

b. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Contractor of the terms of this Agreement. If, within thirty days after Contractor receives written notice of such a breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, Contractor fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the Authority may pursue any rights or remedies available under this Agreement or under applicable law.

c. Any Subcontract entered into by Contractor shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

d. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

33. Disadvantaged Business Enterprise Utilization; Liquidated Damages

a. The DBE Ordinance

Contractor, shall comply with all the requirements of the Disadvantaged Business Enterprise Ordinance set forth in Chapter 14A of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "DBE Ordinance"), provided such amendments do not materially increase Contractor's obligations or liabilities, or materially diminish Contractor's rights, under this Agreement. Such provisions of the DBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this section. Contractor's willful failure to comply with any applicable provision of the DBE Ordinance is a material breach of Contractor's obligations under this Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the DBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, Contractor shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. Compliance and Enforcement

1. Enforcement

If Contractor willfully fails to comply with any of the provisions of the DBE Ordinance, the rules and regulations implementing the DBE Ordinance, or the provisions of this Agreement pertaining to DBE participation, Contractor shall be liable for liquidated damages in an amount equal to Contractor's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the DBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against Contractor authorized in the DBE Ordinance, including declaring the Contractor to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Contractor's DBE certification. The Director of HRC will determine the sanctions to be imposed,

including the amount of liquidated damages, after investigation pursuant to Administrative Code §14A.13(B).

By entering into this Agreement, Contractor acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with Authority.

Contractor agrees to maintain records necessary for monitoring its compliance with the DBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

34. Nondiscrimination; Penalties

a. Contractor Shall Not Discriminate

In the performance of this Agreement, Contractor agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. Subcontracts

Contractor shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

c. Nondiscrimination in Benefits

Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the Authority elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

d. Condition to Contract

As a condition to this Agreement, Contractor shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

e. Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

35. MacBride Principles—Northern Ireland

Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.

36. Tropical Hardwood and Virgin Redwood Ban

Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

37. Drug-Free Workplace Policy

Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on Authority premises. Contractor agrees that any violation of this prohibition by Contractor, its employees, agents or assigns will be deemed a material breach of this Agreement.

38. Resource Conservation

Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

39. Compliance with Americans with Disabilities Act

Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.

40. Sunshine Ordinance

In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between Authority and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded.

Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

41. Public Access to Meetings and Records

If the Contractor receives a cumulative total per year of at least \$250,000 in Authority funds or Authority-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Contractor shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Contractor agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Contractor further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Contractor acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Contractor further acknowledges that such material breach of the Agreement shall be grounds for the Authority to terminate and/or not renew the Agreement, partially or in its entirety.

42. Limitations on Contributions

 Through execution of this Agreement, Contractor acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services or for the furnishing of any material, supplies or equipment to the City, whenever such transaction would require approval by a City elective officer of the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for the contract until the later of either (1) the termination of negotiations for such contract or (2) three months after the date the contract is approved by the City elective officer or the board on which that City elective officer serves.

43. Requiring Minimum Compensation for Covered Employees

Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at <http://www.sfgov.org/oca/lwh.htm>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, Contractor agrees to all of the following:

a. (a) For each hour worked by a Covered Employee during a Pay Period on work funded under the City contract during the term of this Agreement, Contractor shall provide to the Covered Employee no less than the Minimum Compensation, which includes a minimum hourly wage and compensated and uncompensated time off consistent with the requirements of the MCO. For the hourly gross compensation portion of the MCO, Contractor shall pay a minimum of \$10.77 an hour beginning January 1, 2005 and for the remainder of the term of this Agreement; provided, however, that Contractors that are Nonprofit Corporations or public entities shall pay a minimum of \$9 an hour for the term of this Agreement.

b. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to Contractor's compliance or anticipated

compliance with the requirements of the MCO, for opposing any practice proscribed by the MCO, for participating in proceedings related to the MCO, or for seeking to assert or enforce any rights under the MCO by any lawful means.

c. Contractor understands and agrees that the failure to comply with the requirements of the MCO shall constitute a material breach by Contractor of the terms of this Agreement. The City, acting through the Contracting Department, shall determine whether such a breach has occurred.

d. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City, acting through the Contracting Department, shall have the right to pursue the following rights or remedies and any rights or remedies available under applicable law:

(1) The right to charge Contractor an amount equal to the difference between the Minimum Compensation and any compensation actually provided to a Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law;

(2) The right to set off all or any portion of the amount described in Subsection (d)(1) of this Section against amounts due to Contractor under this Agreement;

(3) The right to terminate this Agreement in whole or in part;

(4) In the event of a breach by Contractor of the covenant referred to in Subsection (b) of this Section, the right to seek reinstatement of the employee or to obtain other appropriate equitable relief; and

(5) The right to bar Contractor from entering into future contracts with the Authority for three years.

Each of the rights provided in this Subsection (d) shall be exercisable individually or in combination with any other rights or remedies available to the City. Any amounts realized by the City pursuant to this subsection shall be paid to the Covered Employee who failed to receive the required Minimum Compensation.

e. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

f. Contractor shall keep itself informed of the current requirements of the MCO, including increases to the hourly gross compensation due Covered Employees under the MCO, and shall provide prompt written notice to all Covered Employees of any increases in compensation, as well as any written communications received by the Contractor from the Authority, which communications are marked to indicate that they are to be distributed to Covered Employees.

g. Contractor shall provide reports to the Authority in accordance with any reporting standards promulgated by the City under the MCO, including reports on subcontractors.

h. The Contractor shall provide the Authority with access to pertinent records after receiving a written request from the Authority to do so and being provided at least five (5) business days to respond.

i. The Authority may conduct random audits of Contractor. Random audits shall be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of Contractor every two years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the Authority from investigating any report of an alleged violation of the MCO.

j. Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. A subcontract means an agreement between the Contractor and a third party which requires the third party to perform all or a portion of the services covered by this Agreement. Contractor shall notify the Department of Administrative Services when it enters into such a subcontract and shall certify to the Department of Administrative Services that it has notified the subcontractor of the obligations under the MCO and has imposed the requirements of the MCO on the subcontractor through the provisions of the subcontract. It is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, Authority may pursue any of the remedies set forth in this Section against Contractor.

k. Each Covered Employee is a third-party beneficiary with respect to the requirements of subsections (a) and (b) of this Section, and may pursue the following remedies in the event of a breach by Contractor of subsections (a) and (b), but only after the Covered Employee has provided the notice, participated in the administrative review hearing, and waited the 21-day period required by the MCO. Contractor understands and agrees that if the Covered Employee prevails in such action, the Covered Employee may be awarded: (1) an amount equal to the difference between the Minimum Compensation and any compensation actually provided to the Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law; (2) in the event of a breach by Contractor of subsections (a) or (b), the right to seek reinstatement or to obtain other appropriate equitable relief; and (3) in the event that the Covered Employee is the prevailing party in any legal action or proceeding against Contractor arising from this Agreement, the right to obtain all costs and expenses, including reasonable attorney's fees and disbursements, incurred by the Covered Employee. Contractor also understands that the MCO provides that if Contractor prevails in any such action, Contractor may be awarded costs and expenses, including reasonable attorney's fees and disbursements, from the Covered Employee if the court determines that the Covered Employee's action was frivolous, vexatious or otherwise an act of bad faith.

l. If Contractor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Contractor shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Contractor and this department to exceed \$25,000 (\$50,000 for nonprofits) in the fiscal year.

44. Requiring Health Benefits for Covered Employees

Unless exempt, Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at <http://www.sfgov.org/oca/lw/h.htm>. Capitalized terms used in this Section and not defined in this

Agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Contractor chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission..

b. Notwithstanding the above, if the Contractor is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Contractor's failure to comply with the HCAO shall constitute a material breach of this agreement. Authority shall notify Contractor if such a breach has occurred. If, within 30 days after receiving Authority's written notice of a breach of this Agreement for violating the HCAO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Authority shall have the right to pursue the remedies set forth in 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Authority.

d. Any Subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Contractor shall notify Authority and City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Contractor based on the Subcontractor's failure to comply, provided that Authority has first provided Contractor with notice and an opportunity to obtain a cure of the violation.

e. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Authority with regard to Contractor's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Contractor shall keep itself informed of the current requirements of the HCAO.

h. Contractor shall provide reports to the Authority in accordance with any reporting standards promulgated by the Authority under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

i. Contractor shall provide Authority with access to records pertaining to compliance with HCAO after receiving a written request from Authority to do so and being provided at least five business days to respond.

j. Authority may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with Authority when it conducts such audits.

k. If Contractor is exempt from the HCAO when this Agreement is executed because its amount

is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause Contractor's aggregate amount of all agreements with Authority to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Contractor and the Authority to be equal to or greater than \$75,000 in the fiscal year.

45. Left Blank by Agreement of the Parties.

46. Prohibition on Political Activity with City Funds

In accordance with San Francisco Administrative Code Chapter 12.G, Contractor may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. Contractor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Contractor violates the provisions of this section, the Authority may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Contractor from bidding on or receiving any new Authoritycontract for a period of two (2) years. The Controller will not consider Contractor's use of profit as a violation of this section.

47. Preservative-treated Wood Containing Arsenic

Contractor may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Contractor may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Contractor from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

48. Modification of Agreement

This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement.

49. Administrative Remedy for Agreement Interpretation

Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to the City Attorney's Office who shall decide the true meaning and intent of the Agreement.

50. Agreement Made in California; Venue

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

51. Construction

All paragraph captions are for reference only and shall not be considered in construing this Agreement.

52. Entire Agreement

This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 48.

53. Compliance with Laws

Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

54. Services Provided by Attorneys

Any services to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including, without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.

55. Supervision of Minors

Contractor, and any subcontractors, shall comply with California Penal Code section 11105.3 and request from the Department of Justice records of all convictions or any arrest pending adjudication involving the offenses specified in Welfare and Institution Code section 15660(a) of any person who applies for employment or volunteer position with Contractor, or any subcontractor, in which he or she would have supervisory or disciplinary power over a minor under his or her care.

If Contractor, or any subcontractor, is providing services at a City or Authority park, playground, recreational center or beach (separately and collectively, "Recreational Site"), Contractor shall not hire, and shall prevent its subcontractors from hiring, any person for employment or volunteer position to provide those services if that person has been convicted of any offense that was listed in former Penal Code section 11105.3 (h)(1) or 11105.3(h)(3).

If Contractor, or any of its subcontractors, hires an employee or volunteer to provide services to minors at any location other than a Recreational Site, and that employee or volunteer has been convicted of an offense specified in Penal Code section 11105.3(c), then Contractor shall comply, and cause its subcontractors to comply with that section and provide written notice to the parents or guardians of any minor who will be supervised or disciplined by the employee or volunteer not less than ten (10) days prior to the day the employee or volunteer begins his or her duties or tasks. Contractor shall provide, or cause its subcontractors to provide the Authority with a copy of any such notice at the same time that it provides notice to any parent or guardian.

Contractor shall expressly require any of its subcontractors with supervisory or disciplinary power over a minor to comply with this section of the Agreement as a condition of its contract with the subcontractor.

Contractor acknowledges and agrees that failure by Contractor or any of its subcontractors to comply with any provision of this section of the Agreement shall constitute an Event of Default. Contractor further acknowledges and agrees that such Event of Default shall be grounds for the Authority to terminate the Agreement, partially or in its entirety, to recover from Contractor any amounts paid under this Agreement, and to withhold any future payments to Contractor. The remedies provided in this Section shall not limited any other remedy available to the Authority hereunder, or in equity or law for an Event of Default, and each remedy may be exercised individually or in combination with any other available remedy. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

56. Severability

Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

57. Nondisclosure of Private Information

As of March 5, 2005, Contractor agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "Nondisclosure of Private Information Ordinance"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this section and not defined in this Agreement shall have the meanings assigned to such terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Contractor agrees to all of the following:

(a) Neither Contractor nor any of its Subcontractors shall disclose Private Information obtained from the Authority in the performance of this Agreement to any other Subcontractor, person, or other entity, unless one of the following is true:

- (i) The disclosure is authorized by this Agreement;
- (ii) The Contractor received advance written approval from the Contracting Department to disclose the information; or
- (iii) The disclosure is required by law or judicial order.

(b) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement. Any disclosure or use of Private Information authorized by a Contracting Department shall be in accordance with any conditions or restrictions stated in the approval.

(c) Private Information shall mean any information that: (1) could be used to identify an individual, including without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

(d) Any failure of Contractor to comply with the Nondisclosure of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the Authority may terminate this Agreement, debar Contractor, or bring a false claim action against Contractor.

58. Graffiti Removal

Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the Authority's City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the Authority and the City and County and its residents, and to prevent the further spread of graffiti.

Contractor shall remove all graffiti from any real property owned or leased by Contractor in the City and County of San Francisco within forty eight (48) hours of the earlier of Contractor's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Contractor to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of Contractor to comply with this section of this Agreement shall constitute an Event of Default of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

AUTHORITY

Printed Name

Signature for Authority

Executive Director

Approved as to Form:

Dennis J. Herrera
City Attorney

By _____
Deputy City Attorney

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

Authorized Signature

Printed Name

Title

The Embarcadero YMCA of San Francisco
Company Name

City Vendor Number

169 Steuart Street
Address

San Francisco, CA 94105
City, State, ZIP

415-957-9622
Phone Number

Federal Employer ID Number

APPENDICES

- A: Services to be Provided by Contractor
B: Calculation of Charges

Appendix A
Services to be Provided by Contractor

1. General Rules and Regulations

1. All rules and regulations set out in the Sublease between Authority and Contractor shall prevail.
2. No signs, advertisements, or notices shall be attached to, or placed on, the exterior or interior of the Building or elsewhere on the Property, without prior written approval of Authority.
3. Contractor's contractors and invitees, while on the Premises or Contractor's parking area, shall be subject to these Rules and Regulations, and will be subject to direction from Authority and its agents, but will not be an agent or contractor of the Authority or its agents. Contractor's contractors shall be licensed by the State, insured and bonded at the amount requested by the Authority.
4. Contractor shall install and maintain at Contractor's expense, any life safety equipment required by governmental rules, regulations or laws to be kept on the Premises.
5. Contractor shall be solely responsible for all janitorial and cleaning services, including general maintenance and cleanliness of premises as well as parking lots and landscaped areas adjacent to the Premises.
6. Contractor shall be responsible for minor repairs and maintenance to the Premises, including minor plumbing, electrical and building repairs of a total per year cost up to, but not exceeding, \$10,000 per year. Contractor shall notify Authority of all conditions requiring repair and all repairs made to premises by Contractor within 10 days of Contractor receiving notice of conditions requiring repair.
7. Authority shall be solely responsible for all major capital improvements and repairs to the facilities, including major roof repair.

2. Description of Services

1. Use of Premises open and available to all Residents of the City and County of San Francisco during all hours of operation.
2. Contractor must ensure that each person entering the Premises for any purpose including, but not limited to observation or use of facilities or equipment or participation in any program and/or activity at the Premises reads and signs the attached Treasure Island Gymnasium Release and Waiver of Liability and Indemnity Agreement and Sign-in Sheet. For minors, Contractor must obtain the signature of the parent or other legal guardian. Contractor shall retain every original waiver and sign-in sheet in an orderly and secure manner and shall provide copies of these documents to Authority immediately upon request. Upon expiration or earlier termination of this Lease, Contractor shall deliver all original waivers and sign-in sheets to Authority.
3. Contractor contemplates use and operation of the premises in accordance with the following schedule:
 - Tuesdays – 3:00 PM to 9:00 PM
 - Wednesdays – 3:00 PM to 9:00 PM
 - Thursdays – 3:00 PM to 9:00 PM
 - Fridays – 3:00 PM to 9:00 PM
 - Saturdays 12:00 AM to 5:00 PM,

Contractor shall notify Authority of any changes to this schedule.

4. Contractor shall honor pre-existing relationships with sports leagues, Island agencies and non-Island San Francisco residents for use of the premises during the Contractor's first year of operation

5. Premises shall be used for the following purposes only:

- a. Customary Gymnasium and Recreational activities
- b. Activity Room
- c. Ancillary Office purposes related to the operation of the gymnasium
- d. Storage of Equipment and Supplies to support purposes described above.

6 Contractor shall provide access to quality health and fitness recreation and leisure programming that will appeal to as many of the residents of Treasure and Yerba Buena Island as possible. Contractor shall offer developmentally appropriate programs for pre-school, elementary age, middle school youths and teens, older teens, young adults and adult Island residents. Programming Activities may include, but not be limited to:

- a) Sports and Athletics
 - i.) Basketball
 - ii) Volleyball
 - iii) Soccer
 - iv) Racquetball and handball
 - v) Indoor hockey
 - v.) Open gym/drop-in recreation
- b) Social Recreation
 - i) Game tables
 - ii) Ping Pong tables
 - iii) Foosball table
 - iv) Air Hockey
 - v) Carom tables
- c) Health and Fitness
 - i.) Tiny Tots
 - ii.) Biddy Sports
 - iii.) Y FLEX
 - iv.) Group exercise classes
- d.) Organized Events
 - i.) Sports leagues
 - ii.) After-school activities
 - iii.) Summer day camp

3. Reports

Contractor shall submit written reports as requested by the **Authority**. Format for the content of such reports shall be determined by the **Authority**. The timely submission of all reports is a necessary and material term and condition of this Agreement. The reports, including any copies, shall be submitted on recycled paper and printed on double-sided pages to the maximum extent possible.

4. Department Liaison

In performing the services provided for in this Agreement, Contractor's liaison with the **Authority** will be the **Executive Director**.

Appendix B
Calculation of Charges

Annual Compensation of \$215,000, payable in twelve equal monthly installments of \$17,916.66

This budget represents total annual compensation that shall be paid to Contractor. Contractor shall submit an invoice for compensation to the attention of the Executive Director within 10 days of the final day of each month as compensation for the month. Each invoice shall be accompanied by reports required by Executive Director. In no event shall any monthly invoice be greater than \$17,916.66, unless agreed to in advance in writing by Executive Director. Authority shall pay invoice within 30 days of receipt of invoice.





[Sublease of Building 402, Treasure Island Gymnasium]

Authorizing a No-Fee Sublease With The Embarcadero YMCA, a Branch of the YMCA of San Francisco, for Building 402, the Treasure Island Gymnasium.

WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and,

WHEREAS, The Authority and the United States of America, acting by and through the Department of the Navy entered into Master Lease (Lease No. N6247499RP42P12), as amended for use of certain property, including Building 402; and,

WHEREAS, The Master Lease enables the Authority to sublease the leasehold premises for interim use; and,

WHEREAS, The Authority and the Embarcadero YMCA have entered into that Professional Services Agreements whereby the Embarcadero YMCA will operate the

Gymnasium, Building 402, and provide recreation and leisure programming for the benefit of the residents of Treasure and Yerba Buena Island as well as for residents of the City of San Francisco; and

WHEREAS, In consideration of the Agreement and the public benefit to the community provided by the recreation and leisure activity programming the Embarcadero YMCA shall provide under the terms of the Agreement, the Authority shall not charge a monthly fee for sublease of the Gymnasium, Building 402, to the Embarcadero YMCA; and,

WHEREAS, This sublease shall be on a month-to-month basis and shall be terminable either upon completion of the term of the Agreement between the Authority and the Embarcadero YMCA or termination of the Master Lease between the Authority and the United States Navy; now therefore be it

RESOLVED, That the Board of Directors hereby authorizes a sublease with the Embarcadero YMCA, a branch of the Embarcadero YMCA of San Francisco, for Building 40 the Treasure Island Gymnasium, on Treasure Island; and therefore be it

FURTHER RESOLVED, That in consideration of the Professional Services Agreement between the Authority and the Embarcadero YMCA as well as in consideration the public benefit brought to the Island residents and residents of the City of San Francisco by the recreation and leisure programming services by the Embarcadero YMCA through operation of the Gymnasium, this sublease shall be on a no-fee basis throughout the term of the sublease.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting President of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and

1 that the above Resolution was duly adopted and approved by the Board of Directors
2 of the Authority at a properly noticed meeting on August 8, 2006.

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5 Claudine Cheng
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1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in all financial dealings.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical methods employed.

3. The third part of the document presents the results of the study. It includes a series of tables and graphs that illustrate the findings of the research. The data shows a clear trend of increasing activity over time.

4. The fourth part of the document discusses the implications of the findings. It suggests that the results have significant implications for the field of study and may lead to further research in this area.

5. The fifth part of the document concludes the study. It summarizes the main findings and provides a final statement on the importance of the research.



RECYCLED PAPER MADE FROM 100% RECYCLED FIBER

SUBLEASE

between

THE TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

THE EMBARCADERO YMCA, A BRANCH OF THE YMCA OF SAN FRANCISCO

as Subtenant

For the Sublease of

**Building 402 at Naval Station Treasure Island
San Francisco, California**

September 1, 2006

TREASURE ISLAND SUBLEASE

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EXHIBIT F - TIHDI Work Force Hiring Plan

EXHIBIT G - Professional Services Agreement

TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated as of this first day of September, 2006, is by and between the Treasure Island Development Authority, a California public benefit corporation ("Sublandlord") and the Embarcadero YMCA, a Branch of the YMCA of San Francisco, a California nonprofit corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated April 5, 1999, as amended from time to time (the "Master Lease"), a copy of which is attached hereto as Exhibit A. Under the Master Lease, the Master Landlord leased to Sublandlord certain real property on Naval Station Treasure Island (the "Property") as more particularly described in the Master Lease, including among other things, Building 402 (the "Building"), together with a non-exclusive right to use certain parking areas adjacent thereto, all as more particularly shown on the map attached hereto as Exhibit B (the "Premises").

B. Concurrently herewith, Sublandlord and Subtenant are entering into a Professional Service Agreement dated as of September 1, 2006 (the "Services Agreement"), a copy of which is attached as Exhibit G, relating to services to be performed by Subtenant in connection with the operation of the gymnasium at the Premises.

C. Subtenant desires to sublet the Premises from Sublandlord and Sublandlord is willing to sublet the Premises to Subtenant on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. PREMISES

1.1. Subleased Premises. Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises, including the improvements thereon and the non-exclusive right to use the parking area shown on Exhibit B.

1.2. As Is Condition of Premises.

(a) **Inspection of Premises.** Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their

respective heirs, legal representatives, successors and assigns, and each of them ("Subtenant's Agents"), of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report referenced in Section 1.2(c) below and the Joint Inspection Report referenced in Section 6 of the Master Lease.

(b) **As Is; Disclaimer of Representations.** Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises governing the use, occupancy, management, operation and possession of the Premises ("Laws"). Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees or contractors, or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below), (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use by Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 1.2 (b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions*," prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco, (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the

Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that the Building and any other structures or improvements located on or about the Premises, may fail structurally and collapse.

2. COMPLIANCE WITH MASTER LEASE

2.1. Incorporation by Reference. All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein

2.2. Performance of Master Landlord's Obligations. Sublandlord does not assume the obligations of Master Landlord under the Master Lease. With respect to the performance of any obligations required of Master Landlord under the Master Lease, Sublandlord's sole obligation with respect thereto shall be to request the same, on request in writing by Subtenant, and to use reasonable efforts to obtain the same from Master Landlord. Subtenant shall cooperate with Sublandlord as may be required to obtain from Master Landlord the performance of any of Master Landlord's obligations under the Master Lease.

2.3. Conflict. If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

2.4. Compliance with Master Lease. Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord.

2.5. Automatic Termination. If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

3. TERM

3.1. Term of Sublease. The term of this Sublease (the "Term") shall be on a month-to-month basis, and shall commence on September 1, 2006 (the "Commencement Date") and may be terminated by either party, for any reason and without liability for such termination, upon thirty (30) days prior written notice to the other Party.

4. RENT

4.1. **Base Rent.** In consideration of the terms and conditions of the Services Agreement, Subtenant shall not be required to pay any Base Rent for the entire term of this Sublease.

4.2. **Additional Charges.** Subtenant shall pay any and all real property taxes, possessory interest taxes and other costs, impositions, expenses, or charges hereunder (together, the "Additional Charges"). The Additional Charges shall hereinafter be referred to as the "Rent". All Additional Charges shall be due and payable immediately on the first day of each month and shall be delinquent if Sublandlord has not received Subtenant's payment on or before the tenth (10th) day of the month. Subtenant's obligation to pay Rent, including without limitation late charges and default interest, shall survive the termination of this Sublease.

4.3. **Late Charge.** If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

4.4. **Default Interest.** If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%), provided however that interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

5. TAXES, ASSESSMENTS AND OTHER EXPENSES

5.1. **Taxes and Assessments, Licenses, Permit Fees and Liens.**

(a) **Payment Responsibility.** Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed

against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

5.2. **Other Expenses.** This is a "triple net" Sublease. Accordingly, subject to Section 8 below, Subtenant shall be responsible for any and all other charges, costs and expenses related to its use, occupancy, operation or enjoyment of the Premises or any Alterations permitted thereon, including, without limitation, the cost of any maintenance or services necessary for Subtenant's use.

5.3. **Evidence of Payment.** Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

6. **USE; COVENANTS TO PROTECT PREMISES**

6.1. **Subtenant's Permitted Use.** Subtenant may use the Premises for a gymnasium and other athletic related purposes as more specifically set forth in the Services Agreement.

6.2. **Rules and Regulations.** Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit D, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time and which are provided to Subtenant in advance of the enforcement thereof.

6.3. **Easements.** This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest

("Additional Easements"), provided that, as provided in Section 29 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities. To the best knowledge of the Mayor's Treasure Island Project Office, there are no existing Additional Easements or other encumbrances which would materially interfere with Subtenant's use of the Premises.

6.4. No Interference with Navy Operations. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over the Subtenant's use of the Premises in the event of any conflict, provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

6.5. No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises.

7. ALTERATIONS

7.1. Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions ("Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may be given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any permitted Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct

any permitted Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications for any Alterations approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of such construction at all times.

7.2. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of Section 7.1 above shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 18 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 7.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.

7.3. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment used upon or installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and shall be removed by it subject to the provisions of Section 18 hereof. Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

7.4. Sublandlord's Alterations of the Premises and Premises Systems. Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the Premises, provided that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for purposes stated herein.

8. REPAIRS AND MAINTENANCE

8.1. Subtenant Responsible for Maintenance and Repair. Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair; provided, however, Subtenant shall not be required to expend more than \$10,000 per Sublease year (the "Yearly Repair Cap") for maintenance and repair costs for the Premises. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subject to the Yearly Repair Cap, Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date.

If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

8.2. Utilities. Sublandlord shall provide the basic building utilities and services described in the attached **Exhibit E** (the "Standard Utilities and Services") to the Premises at no cost to Subtenant, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole costs, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises.

8.3. Floor Load. Without Sublandlord's prior written consent, which Sublandlord may give or refuse in its sole discretion, Subtenant shall not place or install in the Premises any equipment that weighs in excess of the normal load-bearing capacity of the floors of the Premises. If Sublandlord consents to the placement or installation of any such machine or equipment in the Premises, Subtenant at its sole expense shall reinforce the floor of the Premises, pursuant to plans and specifications approved by Sublandlord and otherwise in compliance with Section 7.1 [Alterations] to the extent necessary to assure that no damage to the Premises or weakening of any structural support will be occasioned thereby.

8.4. Janitorial Services. Subtenant shall provide all janitorial services for the Premises.

8.5. Pest Control. Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.

8.6. Trash. Subtenant shall deposit all trash into designated containers in the Premises in compliance with the Rules and Regulations attached hereto as **Exhibit D**. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.

8.7. No Right to Repair and Deduct. Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or any right of Subtenant to make repairs or replacements and deduct the cost thereof.

9. LIENS

Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

10. COMPLIANCE WITH LAWS

10.1. Compliance with Laws. Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary, provided however, that Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C.S. §§ 12101 *et seq.* and Title 24 of the California Code of Regulations, and all present and future Environmental Laws (as defined in this Sublease below). No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

10.2. Regulatory Approvals.

(a) **Responsible Party.** Subtenant understands and agrees that Subtenant's use of the Premises and construction of Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and

shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") the Sublandlord, Master Landlord and City, including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties") against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

10.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general liability, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

11. ENCUMBRANCES

11.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

12. DAMAGE OR DESTRUCTION

12.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, fire, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in Section 16 below, (iii) prevents Subtenant from operating the Premises for the purposes stated herein, and (iv) costs more than Ten Thousand Dollars (\$10,000) to repair, Subtenant or Sublandlord may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination

Subtenant shall surrender the Premises in accordance with Section 18 (except for damage caused by the casualty pursuant to which the Sublease may be terminated under this Section 12.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. If neither Party terminates this Sublease as provided above, then Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 7.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

12.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 12.1 above, there shall be no abatement in the Rent payable hereunder.

12.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

13. ASSIGNMENT AND SUBLETTING

13.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge, sublease or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet any portion of the Premises (a "Transfer"), without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion. Subtenant shall provide Sublandlord with a written notice of its intention to Transfer this Sublease or the Premises, together with a copy of the proposed Transfer agreement at least thirty (30) days prior to the commencement date of the proposed Transfer. Subtenant shall provide Sublandlord with such information regarding the proposed Transfer as Sublandlord may reasonably request.

14. DEFAULT; REMEDIES

14.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

(a) **Failure to Pay Rent.** Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within ten (10) days after such sums are due;

(b) **Covenants, Conditions and Representations.** Any failure to perform or comply with any other covenant, condition or representation made under this Sublease, provided Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord.

(c) **Vacation or Abandonment.** Any abandonment of the Premises for more than fourteen (14) consecutive days; and

(d) **Bankruptcy.** The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted.

14.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) **Terminate Sublease and Recover Damages.** The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) **Appointment of Receiver.** The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

14.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon

demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

15. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

15.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused exclusively by the gross negligence or willful misconduct of the Indemnified Parties (except as provided in Section 15.1(e) below). Without limiting the generality of the foregoing:

(a) Subtenant expressly acknowledges and agrees that the consideration and other sums payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.

(b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse

condemnation or eminent domain.

(c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.

(d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant, on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way connected with the Indemnified Parties decision to Sublease the Premises to the Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 15.1.

(g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(h) Subtenant has made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

15.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses arising out of Subtenant's use of the Premises, including but not limited to, any Losses arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Subtenant or Subtenant's Agents or Subtenant's Invitees, (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises, including without limitation a partial or complete collapse of the Premises due to an earthquake or subsidence, (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) the condition of the Premises, including the Building, (f) any construction or other work undertaken by Subtenant on or about the Premises whether before or during the Term of this Sublease, or (g) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, or of any trespassers, in, on or about the Premises or any Alterations; except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused solely by the gross negligence or intentional wrongful acts and omissions of the Indemnified Parties. Notwithstanding the foregoing, Subtenant's obligations to indemnify the Indemnified Parties under this Section 15.2 shall remain in full force and effect regardless of whether or not the Indemnified Parties' decision to Sublease the Premises to the Subtenant, given the seismic condition of the Property, is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such

claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease. Notwithstanding anything contained herein, to the extent such Losses are not covered by insurance required herein and subject to Section 12.1 above, Subtenant shall have no obligation to repair, restore or reconstruct the Premises (or to pay for the same) in the event the Premises are damaged or destroyed by an earthquake or subsidence or by any other uninsured casualty.

16. INSURANCE

16.1. Subtenant's Insurance. Without in any way limiting Subtenant's liability pursuant to Section 15, hereof, Subtenant shall procure and maintain throughout the Term of this Sublease the following insurance and pay the cost thereof:

(a) **Property Insurance.** Subtenant shall procure and maintain, at its own cost, an all risk extended coverage property insurance policy insuring the Premises, including, without limitation, the Premises and all fixtures, Alterations, furniture and equipment located thereon, in an amount not less than the full replacement value.

(b) **General Liability Insurance.** Commercial general liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, personal injury, products and completed operations. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CG-00-01-11-88.

(c) **Worker's Compensation Insurance.** Worker's compensation insurance with employer's liability insurance covering all persons employed and with respect to whom death or bodily injury claims could be asserted against Sublandlord, Subtenant, the Premises or any other Sublandlord property, in an amount not less than \$1,000,000 each accident.

(d) **Automobile Liability Insurance.** Automobile liability insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Subtenant uses automobiles in connection with its use of the Premises. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CA-00-01-06-92.

16.2. General Requirements. All insurance provided for under this Sublease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by Sublandlord.

(a) Should any of the required insurance be provided under a claims-made form, Subtenant shall maintain such coverage continuously throughout the term hereof and, without lapse, for a period of three (3) years beyond the expiration or termination of this Sublease, to the effect

that, should occurrences during the Term give rise to claims made after expiration or termination of this Sublease, such claims shall be covered by such claims-made policies.

(b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

(c) All liability insurance policies shall be endorsed to provide the following:

(i) Cover Subtenant as the insured and the Sublandlord and the Master Landlord as additional insureds.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Sublease, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

(iii) All policies shall be endorsed to provide thirty (30) days' advance written notice to Sublandlord of cancellation, non-renewal or reduction in coverage, mailed to the address(es) for Sublandlord set forth in Section 20.1.

16.3. Proof of Insurance. Subtenant shall deliver to Sublandlord certificates of insurance in form and with insurers satisfactory to Sublandlord, evidencing the coverages required hereunder, on or before the Commencement Date, together with complete copies of the policies promptly upon Sublandlord's request, and Subtenant shall provide Sublandlord with certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. As to the insurance required pursuant to Section 16.1(b) above, such certificate shall state, among other things, that such insurance coverage includes and shall cover Subtenant's indemnity obligations under Section 15.2 above. In the event Subtenant shall fail to procure such insurance, or to deliver such policies or certificates, Sublandlord may, at its option, procure the same for the account of Subtenant, and the cost thereof shall be paid to Sublandlord within five (5) days after delivery to Subtenant of bills therefor.

16.4. No Limitation on Indemnities. Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any of Subtenant's other obligations or liabilities under this Sublease.

exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

17.2. **Access to Premises by Master Landlord.** Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

18. SURRENDER

18.1. **Surrender of the Premises.** Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 7.2 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by Law.

If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises.

18.2. **Security Deposit.** Intentionally omitted.

19. HAZARDOUS MATERIALS

19.1. **No Hazardous Materials.** Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the

16.5. Lapse of Insurance. Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

16.6. Subtenant's Personal Property. Subtenant shall be responsible, at its expense, for separately insuring Subtenant's Personal Property.

16.7. Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, to the extent permitted by their respective policies of insurance, Sublandlord and Subtenant each hereby waive any right of recovery against the other party and against any other party maintaining a policy of insurance covering the Premises and their contents, or any portion thereof, for any loss or damage maintained by such other party with respect to the Premises, or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party. If any policy of insurance relating to the Premises carried by Subtenant does not permit the foregoing waiver or if the coverage under any such policy would be invalidated due to such waiver, Subtenant shall obtain, if possible, from the insurer under such policy a waiver of all rights of subrogation the insurer might have against Sublandlord or any other party maintaining a policy of insurance covering the same loss, in connection with any claim, loss or damage covered by such policy.

17. ACCESS BY SUBLANDLORD

17.1. Access to Premises by Sublandlord.

(a) **General Access.** Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access.** In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and

environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Subtenant agrees that it shall comply, without limiting the foregoing, with the provisions of Article 21 of the San Francisco Health Code including, without limitation, regarding obtaining and complying with the requirements of an approved hazardous materials management plan, and with the requirements of the environmental protection provisions provided for in Section 13 of the Master Lease.

19.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 19.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 15.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against all any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including, without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages,

damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

19.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease. California law requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Subtenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. Further, there are Hazardous Materials located on the Premises as described in the EBS and the FOSL. In addition, California's Proposition 65, Health and Safety Code Section 25249.6 et seq., requires notice that some of these Hazardous Materials are known by the State of California to cause cancer or reproductive harm. By execution of this Sublease, Subtenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Sections 25249.6 et seq., 25359.7 and related statutes.

20. GENERAL PROVISIONS

20.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid as follows:

Notice Address of Sublandlord

Treasure Island Development Authority
410 Avenue of Palms
Building 1, 2nd Floor

Treasure Island
Phone No.: 415-274-0660
Fax No.: 415-274-0299
Attn:

with a copy to:

Office of the City Attorney
City Hall, Second Floor
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Eileen Malley
Phone No.: 415-554-6781
Fax No.: 415-554-4755

Notice Address of Subtenant:

The Embarcadero YMCA of San Francisco
169 Steuart Street
San Francisco, CA 94105
Phone: (415) 957-9622
Fax: (415) 957-1260
Attn: Kristin Greenville, Executive Director

Notice Address of Master Landlord:

Department of the Navy
BRAC Program Management Office West
1455 Frazee Road, Suite 900
San Diego, CA 92108-4310
Attn: Douglas Gilkey

Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 20.1 and applicable Laws, shall be deemed receipt of such notice.

20.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment for any sums due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this

Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

20.3. Amendments. Neither this Sublease nor any term or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

20.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosure set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

20.5. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

20.6. Interpretation of Sublease. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

20.7. **Successors and Assigns.** Subject to the provisions of Section 13, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

20.8. **Brokers.** Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

20.9. **Severability.** If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.

20.10. **Governing Law.** This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

20.11. **Entire Agreement.** This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein.

20.12. **Attorneys' Fees.** In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in

such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Sublease, reasonable fees of attorneys in the Office of the San Francisco City Attorney (Sublandlord's General Counsel) shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City and County of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. Further, for purposes of this Sublease, the term "attorneys' fees" shall mean the fees and expenses of counsel to the Parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The term "attorneys' fees" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. The term "attorney" shall have the same meaning as the term "counsel".

20.13. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

20.14. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

20.15. Survival of Indemnities. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

20.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

20.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

20.18. Non-Liability of Indemnified Parties' officials, employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Sublease.

20.19. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

20.20. Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

20.21. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord

21. SPECIAL PROVISIONS

21.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

21.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

21.3. TIHDI Job Broker. Subtenant shall comply with the requirements of the TIHDI Work Force Hiring Plan attached hereto as Exhibit F.

21.4. Local Hiring. Subtenant further agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

21.5. Non-Discrimination.

(a) **Covenant Not to Discriminate.** In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race,

color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) Subleases and Other Subcontracts. Subtenant shall include in all sub-Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such sub-Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all sub-Subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all sub-Subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) Non-Discrimination in Benefits. Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations in San Francisco or with respect to its operations under this Sublease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) HRC Form. As a condition to this Sublease, Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Subtenant hereby represents that prior to execution of this Sublease, (i) Subtenant executed and submitted to the HRC Form HRC-12B-101 with supporting documentation and (ii) the HRC approved such form.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San

Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

21.6. No Relocation Assistance; Waiver of Claims. Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated or expires by its own terms, and Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Sublease with respect to a Taking.

21.7. MacBride Principles - Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

21.8. Tropical Hardwood and Virgin Redwood Ban. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood product. Except as expressly permitted by the application of Section 802(b) and 803(b) of the San Francisco Environment Code, Subtenant shall not provide any items to the construction of tenant improvements or Alterations in the Premises, or otherwise in the performance of this Sublease, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

21.9. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

21.10. Wages and Working Conditions. Subtenant agrees that any person performing labor in the construction of any tenant improvements and any Alterations to the Premises, which Subtenant provides under this Sublease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Subtenant shall include, in any contract for construction of such tenant improvements and Alterations, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord upon request, certified payroll reports with respect to all persons performing labor in the construction of such tenant improvement work or any Alterations to the Premises.

21.11. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of Sublandlord or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

21.12. Recycling. Subtenant shall establish and carry on during the Term a program to encourage maximum recycling of recyclable materials on the Premises by Subtenant's employees, contractors, visitors and invitees.

21.12. Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Subtenant to submit to Sublandlord an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms of this Sublease, (b) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as Subtenant's primary IPM contact person with the City. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

21.13. First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264 98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Within thirty (30) days after Sublandlord adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance,

Subtenant shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance.

21.14. **Sunshine Ordinance.** In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City departments and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

21.15. **Conflicts of Interest.** Through its execution of this Sublease, Subtenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Subtenant becomes aware of any such fact during the Term of this Sublease, Subtenant shall immediately notify Sublandlord.

21.16. **Charter Provision.** This Sublease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

21.17. **Requiring Health Benefits for Covered Employees.** Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at www.dph.sf.ca.us/HCRes/Resolutions/2004Res/HCRes102004.shtml. Capitalized terms used in this Section and not defined in this Sublease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection (a) above.

(c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Sublease. Sublandlord shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Sublease for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Sublandlord shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Sublandlord.

(d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Sublandlord may pursue the remedies set forth in this Section against Subtenant based on the Subcontractor's failure to comply, provided that Sublandlord has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

(e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Sublandlord with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Subtenant shall keep itself informed of the current requirements of the HCAO.

(h) Subtenant shall provide reports to Sublandlord in accordance with any reporting standards promulgated by Sublandlord under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Subtenant shall provide Sublandlord with access to records pertaining to compliance with the HCAO after receiving a written request from Sublandlord to do so and being provided at least five (5) business days to respond.

(j) Sublandlord may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with Sublandlord when it conducts such audits.

(k) If Subtenant is exempt from the HCAO when this Sublease is executed because its amount is less than Fifty Thousand Dollars (\$50,000), but Subtenant later enters into an agreement or agreements that cause Subtenant's aggregate amount of all agreements with Sublandlord to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Subtenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

21.18. Notification of Limitations on Contributions. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

21.19. Preservation-Treated Wood Containing Arsenic. As of July 1, 2003, Subtenant may not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

The Embarcadero YMCA of San Francisco
a California nonprofit corporation

By: _____

Its: _____

SUBLANDLORD:

Treasure Island Development Authority

By: _____

Its: _____

Approved as to Form:

DENNIS J. HERRERA, City Attorney

By: _____

Deputy City Attorney

EXHIBIT A
MASTER LEASE

EXHIBIT B

DIAGRAM OF THE PREMISES

EXHIBIT C

COVER PAGE OF THE SEISMIC REPORT

EXHIBIT D

RULES AND REGULATIONS

1. All rules and regulations set out in the Master License shall prevail.
2. No signs, advertisements, or notices shall be attached to, or placed on, the exterior or interior of the Building or elsewhere on the Property, without prior written approval of Sublandlord.
3. Subtenant's contractors and invitees, while on the Premises or Subtenant's parking area, shall be subject to these Rules and Regulations, and will be subject to direction from Sublandlord and its agents, but will not be an agent or contractor of the Sublandlord or its agents. Subtenant's contractors shall be licensed by the State, insured and bonded at the amount requested by the Sublandlord.
4. Subtenant shall install and maintain at Subtenant's expense, any life safety equipment required by governmental rules, regulations or laws to be kept on the Premises.
5. Subtenant shall be solely responsible for all janitorial and cleaning services, including general maintenance and cleanliness of the Premises as well as parking lots and landscaped areas adjacent to the Premises.

EXHIBIT E

STANDARD UTILITY SERVICES

Subtenant shall not be liable for Utilities. Sublandlord shall provide to subtenant standard utilities including power and water to the facilities.

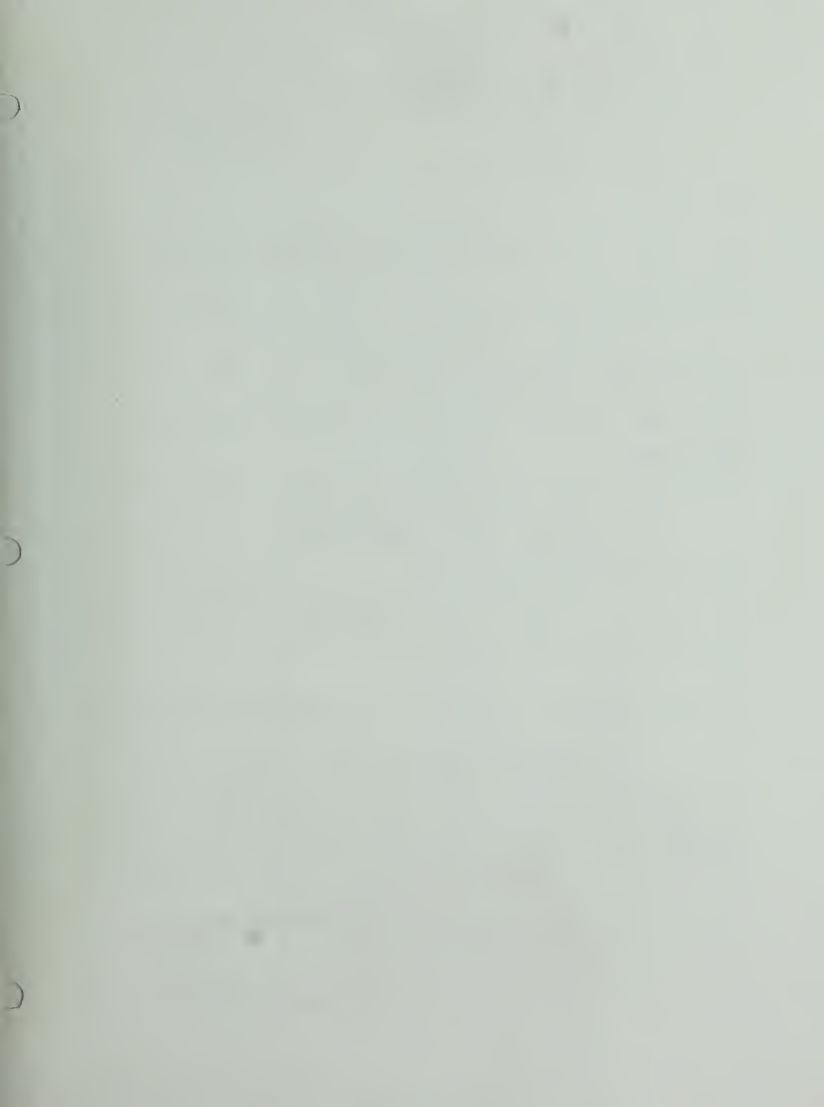
EXHIBIT F

TIHDI WORKFORCE HIRING PLAN

EXHIBIT G

PROFESSIONAL SERVICES AGREEMENT







TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

DRAFT Minutes of Special Meeting
Treasure Island Development Authority
August 8, 2006

Casa de la Vista, Building 271
Treasure Island
San Francisco, CA

DOCUMENTS DEPT.

SEP 22 2006

SAN FRANCISCO
PUBLIC LIBRARY

1. **Call to Order:** 6:12 PM

Roll Call Present: Claudine Cheng (Chair)
Jesse Blout
John Elberling
Matthew Franklin

Excused: Jared Blumenfeld
Marcia Rosen
Supervisor Chris Daly

2. **Report by Executive Director**

There was no discussion by the Board on this item. No report was provided.

3. **Report by the Mayor's Office of Base Reuse and Development**

Mr. Jack Sylvan, Mayor's Office of Base Reuse, provided an update to the timeline for the redevelopment planning process. This timeline is consistent with the revised Exclusive Negotiating Agreement schedule approved by the TIDA Board in July. Staff anticipates presenting the Term Sheet and attachments in September and there will be three meetings in September and October for review of the Term Sheet and attachments. The ENA schedule does not include specific dates for the Board of Supervisors process yet.

President Cheng stated that the TIDA Board would hold a joint meeting with the Citizen Advisory Board as part of this Term Sheet review process.

4. **Communications**

There was no discussion by the Board on this item.

5. Report by the Treasure Island/Yerba Buena Island Citizen Advisory Board (CAB)
There was no CAB presentation at this meeting.

6. Ongoing Business by Directors
There was no ongoing business discussed by Directors.

7. General Public Comment
Ms. Amy Lyons, Treasure Island Sailing Center, spoke regarding the Sailing Center's activities and programs over the summer. Discussed the Center's main goals and objectives. Stated that they are happy to have the Board meet on the Island.

Mr. Desmond Crisis, Treasure Island resident, thanked the Board for meeting on the Island. Stated there are still issues on the Island that are unresolved. Encouraged the Board to do what they can to provide businesses serving Island residents. These businesses also provide a sense of community as they do in other neighborhoods in the City, regardless of whether one is a market rate or below market rate resident of the Island.

Mr. Mike DeLane, CAB member, thanked the Board for meeting on the Island. Invited the Board to the Treasure Island Creative Network craft fair to be held August 19th in the Treasure Island Marina Parking Lot.

Ms. Emily Rapaport, San Francisco Islands Community Association Co-Chair, thanked the Board for meeting on the Island, suggested it meet on the Island quarterly. Stated there are still many unresolved issues on the Island, including the lack of City services serving the Island. Requested the Board work to make more of these services available to Island residents.

Ms. Kimberly Hill, Glide YouthBuild, spoke regarding YouthBuild's program on the Island and the students that it serves. Stated the students in the program love Treasure Island as it is a calm and neutral environment. Stated YouthBuild will also be hosting Neighborhood Emergency Response Training.

Mr. Richard Wells, YouthBuild student, stated that YouthBuild has given him many opportunities.

Ms. Ryesha Calloway, YouthBuild student, stated that YouthBuild is a good opportunity for young people who are looking to do something with their lives. Stated she likes being on the Island and meeting new people.

Ms. Mikaela Ponce, YouthBuild student, stated she likes the Island because it is a neutral area.

Mr. Rodger Laudwig, Treasure Island Marina, provided information on the operations of the marina in Clipper Cove. Thanked TIDA staff for their work to date in clearing derelict boat from Clipper Cove. There is still work to be done in the Cove.

Director Elberling asked if the Marina is fully occupied.

Mr. Laudwig stated the Marina is essentially full. 98 of the 103 slips are leased. The slip rental rates are slightly higher than South Beach Marina. Stated that the Cove is a jewel of a location.

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Ms. Mirian Saez. Ms. Saez has been the Director of Real Estate for the Port of San Francisco for the past 16 months.

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Director Elberling asked if there would be an Memorandum of Understanding between TIDA and the Office of the City Administrator for these staffing services.

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Mr. Ned York, John Stewart Company, presented an update on the market rate leasing activities on Treasure and Yerba Buena Island. Discussed the demographics of Island residents and varieties of housing stock managed. Discussed reasons for residents moving onto and off of the Islands. Anecdotally, residents move for various reasons: purchase of a house, move out of area and move to surrounding communities. These are the majority of the reasons for moving. Stated rent increases are in line with the San Francisco Rent Stabilization Board. The Company is concerned with resident relations, lease violation notifications, landscaping and beautification, parking and maintenance of physical assets. Discussed the rehabilitation and inventory performed when units turn over.

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Mr. Reginald Hairston, John Stewart Company, thanked his staff that works on Island issues day in and day out.

Director Blout motioned for approval of the item.

Director-Elberling seconded the motion.

The resolution was approved unanimously.

11. Report by Treasure Island Homeless Development Initiative

Ms. Sherry Williams, Treasure Island Homeless Development Initiative Executive Director, presented an update on TIHDI activities and programs. Welcomed the Board and Ms. Saez to the Island. Acknowledged the passing of former Supervisor Sue Bierman, who was an early supporter of TIHDI. Reiterated the TICH event on August 19th and the TI Community Festival on September 30th. Introduced Yvette Phillips-Aldama, TIHDI School and Community Coordinator.

Ms. Yvette Phillips-Aldama, TIHDI School Coordinator, discussed TIHDI's role in assisting the children on the Island in the wake of the school closure last year. She has worked on issues such as transportation, issues at receiving schools and student transition. She has worked with parents

on these issues, and continues to work with the community to encourage community and parent involvement. She also works to assure that the after-school programs are linked with the receiving schools that the Island residents attend.

Director Cheng asked how many children on the Island are attending these new schools. Ms. Phillips-Aldama stated there are about 90 kids.

Mr. John Tammen, Rubicon Programs, discussed Rubicon's landscaping operations on the Island. Introduced Lowell Young, the Rubicon landscaping supervisor on the Island.

Mr. Lowell Young, Rubicon Landscaping, expressed his thanks for the opportunity to partner with TIDA and TIHDI. Provided statistics and background regarding the Rubicon workforce, most of whom have histories that include incarceration, mental illness, substance abuse issues and homelessness. These individuals achieve increased stability and professional advancement through Rubicon. Rubicon has hired 64 workers through the TIHDI referral program. One out of every six TIHDI referrals has transitioned to other work, including jobs with the Park and Recreation Department, the SF Conservation Corps, the John Stewart Company and the Treasure Island Job Corps.

Mr. Tammen stated that there are still challenges. The budget was decreased from last year and costs have increased. Another challenge is lack of contingency dollars from the City for repairs or abatement work, so any of that required work is budgeted away from regular services. Rubicon is exploring available grants for their programs, too.

Director Blout stated that it is a priority of the Board to assist these kinds of programs. Stated he would be happy to work with Rubicon to identify additional funding sources and resources for workforce development.

Director Elberling asked if Rubicon meets the City's Living Wage Standards.

Mr. Young stated it does.

Director Elberling stated that the Island cannot look rundown; the landscaping is one of the things that can help the Island look good. Urged staff to budget in such a way as to assure the Island and landscaping looks good.

Mr. Young stated that in the past there was contingency funding alongside the basic services fee. Now that the contingency funding is missing, it is a challenge to keep the Island looking as they'd like it to. Appreciates the option of outside funding sources Mr. Blout discussed.

Ms. Patricia Murillo, Program Services Director Boys and Girls Club of San Francisco, provided information on the Boys and Girls Club Treasure Island Clubhouse. Stated it is heartening to hear of the structural and support changes that are happening on the Island. Stated they are excited to work with Ms. Saez. The Clubhouse is serving approximately 50 to 60 children a year; there is a total membership of about 175 Island children. Looking at ways to deepen the impact of the Club on the children, they are focusing on educational components. Stated any additional support, monetary or through other institutions, is much appreciated.

Ms. Lavina DeSilva, Treasure Island Boys and Girls Club Director, stated that despite the misfortunes such as the school closing and theft at the Clubhouse, they have had a great summer. Reported that 15 kids went through the Sailing Center on scholarships, 25 children received swimming lessons, 20 children received tennis lessons, 28 children received kickboxing lessons, and 28 children received full scholarships for overnight camping in Mendocino. Stated that aside from the summer program, there is a positive after school program where the children are pushed to grow. They are working to market themselves within the community. Thanked the Board, Ms. Williams and Ms. Phillips-Aldama from TIHDI, as well as the parents.

Ms. Murillo thanked Island resident Susan DeVico for securing corporate scholarships for the children who are going to Camp Mendocino.

Ms. Tamara Barrett, Kidango Child Development Center Director, provided an overview of the activities at the Child Care Center. Provided demographics on the children at the center. In the last year many positive things have happened; grants for resurfacing the yard, acceptance to San Francisco's First 5 Pre-school for All. Stated her goal for the year is to have the site become NAEYC-accredited, which is a great honor for child care centers. There are quarterly parent meetings for issues that affect parents and families.

Mr. Paul Miller, Kidango Executive Director, stated the center does operate at a deficit, with grants from TIHDI and Department of Children Youth and Family. This is due to the Island not being built out yet. The City made a considerable investment in rehabilitating the Center. Many siblings of school-aged children now attend child care in the City due to the closure of the TI School. Stated that staff loves working on the Island and working with other organizations on the Island.

Ms. Williams of TIHDI stated that everyone with TIHDI is very committed to the Island and its residents. Thanked the Board for their continued support.

Public Comment

Ms. Catherine Lundgren, Treasure Island resident, stated her family chose the Island as a result of excessive stress living in San Pablo and Richmond. Stated her children's experience at the TI School was disastrous. Stated there is a problem with safety on the Island associated with children who are not participating in programs on the Island. Stated her child was attacked on the Island recently. Children not participating need to be paid attention to, by their parents and the community.

Mr. Desmond Crisis, Treasure Island resident, stated that he is very enthusiastic about homeless development and bringing the disadvantaged into a market rate community. Stated the development of the Island has gone in such a way that much of the community development is spearheaded by TIHDI; however, the catch is there is not a market rate neighborhood for people to integrate into. For example, there is no grocery store for folks, to get a job at. This is part of the reason why the residents keep requesting neighborhood-serving-establishments. They are necessary both for market-rate residents as well as for the TIHDI community.

Director Franklin stated that the neighborhood serving retail has been an issue that has vexed the Island residents for a while and the Board would be open to looking at opportunities. Stated it is a challenging issue and wanted to acknowledge that the residents have been bringing up the issue.

Director Blout stated this is an issue he would be happy to follow up on to see what can be done to provide smaller neighborhood retail that would be of benefit to the Island.

Ms. Emily Rapaport, SFICA Co-Chair, stated that a proposal for a store had been submitted to staff and Mr. Blout. Residents have wanted to work with the Board on this issue; however, they never received a call-back. Many groups are waiting for redevelopment before coming out here, but the Island needs services and retail now.

Mr. Don Hughes, Treasure Island resident, stated that the Board could pick first class merchandisers to come to the Island by offering first right of refusal to these people once development starts.

Director Cheng requested that Items 13 and 14 be called out of order and at this point on the agenda.

13. & 14. (Out of order) Professional Services Contract and Sublease with the Embarcadero YMCA

Mr. Peter Summerville, TIDA staff, presented a contract and sublease with the Embarcadero YMCA for operation of the Treasure Island Gymnasium, Building 402. At its April 17th meeting, the Board approved a Request for Proposals for operation of the gymnasium and provision of recreational services for the Island. Three groups showed interest; at the deadline one bid was received from the Embarcadero YMCA. A review panel made up of members of SFICA, TIHDI and TIDA staff, as well as representatives from the Department of Parks and Recreation and the Department of Children, Youth and Families reviewed the proposal and found it met the RFP criteria. The contract is for the provision of recreational and leisure services and operation of the Treasure Island Gymnasium, and is for an amount not to exceed \$215,000 per year with a three year term. The Sublease is a month-to-month sublease for no fee, based on the scope of services provided in the contract. TIDA is responsible for major maintenance; the YMCA is responsible for day-to-day repairs, with supervision for the facility provided by the Embarcadero YMCA's facilities director.

Mr. Tom Eck, Embarcadero YMCA, stated they are excited to come to the Island and to work with the Island community.

Director Cheng asked when the Embarcadero YMCA expected to start.

Mr. Eck stated they were looking at a start date of September 1. They will begin by providing the same level of service as Catholic Charities/CYO was providing and will ramp up from there based on community needs assessments.

There was no public comment on this item

Director Elberling motioned for approval of Item 13.
Director Franklin seconded the motion.
The resolution was approved unanimously.

Director Elberling motioned for approval of Item 14.
Director Franklin seconded the motion.
The resolution was approved unanimously.

12. Update on Island Operations by TIDA Staff

Director Elberling motioned to continue this item to a future meeting.
Director Franklin seconded the motion.
Item 12 was continued to a future meeting.

15. Discussion of Future Agenda Items

Director Elberling requested an evaluation of a potential grocery store on the Island.

Director Franklin stated he supports this evaluation.

Director Blout stated he supports more meetings on the Island, potentially every quarter.

16. Director Elberling motioned for adjournment
The meeting was adjourned at 9:12 PM.

TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND



Minutes of Special Meeting
Treasure Island Development Authority
August 8, 2006

Casa de la Vista, Building 271
Treasure Island
San Francisco, CA

DOCUMENTS DEPT.

SEP 28 2006

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1. **Call to Order:** 6:12 PM

Roll Call Present: Claudine Cheng (Chair)
Jesse Blout
John Elberling
Matthew Franklin

Excused: Jared Blumenfeld
Marcia Rosen
Supervisor Chris Daly

2. **Report by Executive Director**

There was no discussion by the Board on this item. No report was provided.

3. **Report by the Mayor's Office of Base Reuse and Development**

Mr. Jack Sylvan, Mayor's Office of Base Reuse, provided an update to the timeline for the redevelopment planning process. This timeline is consistent with the revised Exclusive Negotiating Agreement schedule approved by the TIDA Board in July. Staff anticipates presenting the Term Sheet and attachments in September and there will be three meetings in September and October for review of the Term Sheet and attachments. The ENA schedule does not include specific dates for the Board of Supervisors process yet.

President Cheng stated that the TIDA Board would hold a joint meeting with the Citizen Advisory Board as part of this Term Sheet review process.

4. **Communications**

There was no discussion by the Board on this item.

5. Report by the Treasure Island/Yerba Buena Island Citizen Advisory Board (CAB)

There was no CAB presentation at this meeting.

6. Ongoing Business by Directors

There was no ongoing business discussed by Directors.

7. General Public Comment

Ms. Amy Lyons, Treasure Island Sailing Center, spoke regarding the Sailing Center's activities and programs over the summer. Discussed the Center's main goals and objectives. Stated that they are happy to have the Board meet on the Island.

Mr. Desmond Crisis, Treasure Island resident, thanked the Board for meeting on the Island. Stated there are still issues on the Island that are unresolved. Encouraged the Board to do what they can to provide businesses serving Island residents. These businesses also provide a sense of community as they do in other neighborhoods in the City, regardless of whether one is a market rate or below market rate resident of the Island.

Mr. Mike DeLane, CAB member, thanked the Board for meeting on the Island. Invited the Board to the Treasure Island Creative Network craft fair to be held August 19th in the Treasure Island Marina Parking Lot.

Ms. Emily Rapaport, San Francisco Islands Community Association Co-Chair, thanked the Board for meeting on the Island, suggested it meet on the Island quarterly. Stated there are still many unresolved issues on the Island, including the lack of City services serving the Island. Requested the Board work to make more of these services available to Island residents.

Ms. Kimberly Hill, Glide YouthBuild, spoke regarding YouthBuild's program on the Island and the students that it serves. Stated the students in the program love Treasure Island as it is a calm and neutral environment. Stated YouthBuild will also be hosting Neighborhood Emergency Response Training.

Mr. Richard Wells, YouthBuild student, stated that YouthBuild has given him many opportunities.

Ms. Ryesha Calloway, YouthBuild student, stated that YouthBuild is a good opportunity for young people who are looking to do something with their lives. Stated she likes being on the Island and meeting new people.

Ms. Mikaela Ponce, YouthBuild student, stated she likes the Island because it is a neutral area.

Mr. Rodger Ludwig, Treasure Island Marina, provided information on the operations of the marina in Clipper Cove. Thanked TIDA staff for their work to date in clearing derelict boat from Clipper Cove. There is still work to be done in the Cove.

Director Elberling asked if the Marina is fully occupied.

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11. Report by Treasure Island Homeless Development Initiative

Ms. Sherry Williams, Treasure Island Homeless Development Initiative Executive Director, presented an update on TIHDI activities and programs. Welcomed the Board and Ms. Saez to the Island. Acknowledged the passing of former Supervisor Sue Bierman, who was an early supporter of TIHDI. Reiterated the TICH event on August 19th and the TI Community Festival on September 30th. Introduced Yvette Phillips-Aldama, TIHDI School and Community Coordinator.

Ms. Yvette Phillips-Aldama, TIHDI School Coordinator, discussed TIHDI's role in assisting the children on the Island in the wake of the school closure last year. She has worked on issues such as transportation, issues at receiving schools and student transition. She has worked with parents

on these issues, and continues to work with the community to encourage community and parent involvement. She also works to assure that the after-school programs are linked with the receiving schools that the Island residents attend.

Director Cheng asked how many children on the Island are attending these new schools. Ms. Phillips-Aldama stated there are about 90 kids.

Mr. John Tammen, Rubicon Programs, discussed Rubicon's landscaping operations on the Island. Introduced Lowell Young, the Rubicon landscaping supervisor on the Island.

Mr. Lowell Young, Rubicon Landscaping, expressed his thanks for the opportunity to partner with TIDA and TIHDI. Provided statistics and background regarding the Rubicon workforce, most of whom have histories that include incarceration, mental illness, substance abuse issues and homelessness. These individuals achieve increased stability and professional advancement through Rubicon. Rubicon has hired 64 workers through the TIHDI referral program. One out of every six TIHDI referrals has transitioned to other work, including jobs with the Park and Recreation Department, the SF Conservation Corps, the John Stewart Company and the Treasure Island Job Corps.

Mr. Tammen stated that there are still challenges. The budget was decreased from last year and costs have increased. Another challenge is lack of contingency dollars from the City for repairs or abatement work, so any of that required work is budgeted away from regular services. Rubicon is exploring available grants for their programs, too.

Director Blout stated that it is a priority of the Board to assist these kinds of programs. Stated he would be happy to work with Rubicon to identify additional funding sources and resources for workforce development.

Director Elberling asked if Rubicon meets the City's Living Wage Standards. Mr. Young stated it does.

Director Elberling stated that the Island cannot look rundown; the landscaping is one of the things that can help the Island look good. Urged staff to budget in such a way as to assure the Island and landscaping looks good.

Mr. Young stated that in the past there was contingency funding alongside the basic services fee. Now that the contingency funding is missing, it is a challenge to keep the Island looking as they'd like it to. Appreciates the option of outside funding sources Mr. Blout discussed.

Ms. Patricia Murillo, Program Services Director Boys and Girls Club of San Francisco, provided information on the Boys and Girls Club Treasure Island Clubhouse. Stated it is heartening to hear of the structural and support changes that are happening on the Island. Stated they are excited to work with Ms. Saez. The Clubhouse is serving approximately 50 to 60 children a year; there is a total membership of about 175 Island children. Looking at ways to deepen the impact of the Club on the children, they are focusing on educational components. Stated any additional support, monetary or through other institutions, is much appreciated.

Ms. Lavina DeSilva, Treasure Island Boys and Girls Club Director, stated that despite the misfortunes such as the school closing and theft at the Clubhouse, they have had a great summer. Reported that 15 kids went through the Sailing Center on scholarships, 25 children received swimming lessons, 20 children received tennis lessons, 28 children received kickboxing lessons, and 28 children received full scholarships for overnight camping in Mendocino. Stated that aside from the summer program, there is a positive after school program where the children are pushed to grow. They are working to market themselves within the community. Thanked the Board, Ms. Williams and Ms. Phillips-Aldama from TIHDI, as well as the parents.

Ms. Murillo thanked Island resident Susan DeVico for securing corporate scholarships for the children who are going to Camp Mendocino.

Ms. Tamara Barrett, Kidango Child Development Center Director, provided an overview of the activities at the Child Care Center. Provided demographics on the children at the center. In the last year many positive things have happened; grants for resurfacing the yard, acceptance to San Francisco's First 5 Pre-school for All. Stated her goal for the year is to have the site become NAEYC-accredited, which is a great honor for child care centers. There are quarterly parent meetings for issues that affect parents and families.

Mr. Paul Miller, Kidango Executive Director, stated the center does operate at a deficit, with grants from TIHDI and Department of Children Youth and Family. This is due to the Island not being built out yet. The City made a considerable investment in rehabilitating the Center. Many siblings of school-aged children now attend child care in the City due to the closure of the TI School. Stated that staff loves working on the Island and working with other organizations on the Island.

Ms. Williams of TIHDI stated that everyone with TIHDI is very committed to the Island and its residents. Thanked the Board for their continued support.

Public Comment

Ms. Catherine Lundgren, Treasure Island resident, stated her family chose the Island as a result of excessive stress living in San Pablo and Richmond. Stated her children's experience at the TI School was disastrous. Stated there is a problem with safety on the Island associated with children who are not participating in programs on the Island. Stated her child was attacked on the Island recently. Children not participating need to be paid attention to, by their parents and the community.

Mr. Desmond Crisis, Treasure Island resident, stated that he is very enthusiastic about homeless development and bringing the disadvantaged into a market rate community. Stated the development of the Island has gone in such a way that much of the community development is spearheaded by TIHDI; however, the catch is there is not a market rate neighborhood for people to integrate into. For example, there is no grocery store for folks to get a job at. This is part of the reason why the residents keep requesting neighborhood-serving-establishments. They are necessary both for market-rate residents as well as for the TIHDI community.

Director Franklin stated that the neighborhood serving retail has been an issue that has vexed the Island residents for a while and the Board would be open to looking at opportunities. Stated it is a challenging issue and wanted to acknowledge that the residents have been bringing up the issue.

Director Blout stated this is an issue he would be happy to follow up on to see what can be done to provide smaller neighborhood retail that would be of benefit to the Island.

Ms. Emily Rapaport, SFICA Co-Chair, stated that a proposal for a store had been submitted to staff and Mr. Blout. Residents have wanted to work with the Board on this issue; however, they never received a call-back. Many groups are waiting for redevelopment before coming out here, but the Island needs services and retail now.

Mr. Don Hughes, Treasure Island resident, stated that the Board could pick first class merchandisers to come to the Island by offering first right of refusal to these people once development starts.

Director Cheng requested that Items 13 and 14 be called out of order and at this point on the agenda.

13. & 14. (Out of order) Professional Services Contract and Sublease with the Embarcadero YMCA

Mr. Peter Summerville, TIDA staff, presented a contract and sublease with the Embarcadero YMCA for operation of the Treasure Island Gymnasium, Building 402. At its April 17th meeting, the Board approved a Request for Proposals for operation of the gymnasium and provision of recreational services for the Island. Three groups showed interest; at the deadline one bid was received from the Embarcadero YMCA. A review panel made up of members of SFICA, TIHDI and TIDA staff, as well as representatives from the Department of Parks and Recreation and the Department of Children, Youth and Families reviewed the proposal and found it met the RFP criteria. The contract is for the provision of recreational and leisure services and operation of the Treasure Island Gymnasium, and is for an amount not to exceed \$215,000 per year with a three year term. The Sublease is a month-to-month sublease for no fee, based on the scope of services provided in the contract. TIDA is responsible for major maintenance; the YMCA is responsible for day-to-day repairs, with supervision for the facility provided by the Embarcadero YMCA's facilities director.

Mr. Tom Eck, Embarcadero YMCA, stated they are excited to come to the Island and to work with the Island community.

Director Cheng asked when the Embarcadero YMCA expected to start.

Mr. Eck stated they were looking at a start date of September 1. They will begin by providing the same level of service as Catholic Charities/CYO was providing and will ramp up from there based on community needs assessments.

There was no public comment on this item

Director Elberling motioned for approval of Item 13.
Director Franklin seconded the motion.
The resolution was approved unanimously.

Director Elberling motioned for approval of Item 14.
Director Franklin seconded the motion.
The resolution was approved unanimously.

12. Update on Island Operations by TIDA Staff

Director Elberling motioned to continue this item to a future meeting.
Director Franklin seconded the motion.
Item 12 was continued to a future meeting.

15. Discussion of Future Agenda Items

Director Elberling requested an evaluation of a potential grocery store on the Island.

Director Franklin stated he supports this evaluation.

Director Blout stated he supports more meetings on the Island, potentially every quarter.

16. Director Elberling motioned for adjournment

The meeting was adjourned at 9:12 PM.



TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

**NOTICE OF CANCELLED MEETING
TREASURE ISLAND DEVELOPMENT AUTHORITY**

NOTICE IS HEREBY GIVEN that the regular meeting of the Treasure Island Development Authority scheduled for Wednesday, August 9, 2006 at 1:30 pm at 1 Dr. Carlton B. Goodlett Place, Room 400, City Hall, San Francisco, California, has been **Cancelled**.

A Special Meeting of the Authority Board is scheduled for Wednesday, August 8th, 2006 at 6:00 pm at the Casa de la Vista (Building 271), Avenue of Palms, Treasure Island, San Francisco, California.

Treasure Island Development Authority

DOCUMENTS DEPT.

AUG - 4 2006

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(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at 415 554 7724; by fax at 415 554 7854; or by email at sotf@sfgov.org.

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>



**TREASURE ISLAND DEVELOPMENT AUTHORITY
SPECIAL MEETING AGENDA**

August 25, 2006 1:30 P.M.

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Room 400, City Hall
1 Dr. Carlton B. Goodlett Place

AUG 23 2006

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Gavin Newsom, Mayor

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DIRECTORS

Claudine Cheng, Chair
Jesse Blout
Jared Blumenfeld
John Elberling

Matthew Franklin
Marcia Rosen
Supervisor Chris Daly (*ex-officio*)

Peter Summerville, Commission Secretary

ORDER OF BUSINESS

1. Call to Order and Roll Call
2. Report by Director (*Discussion Item*)
3. Report by Mayor's Office of Base Reuse and Development (*Discussion Item*)
4. Communications (*Discussion Item*)
5. Report by the Treasure Island/Yerba Buena Island Citizen's Advisory Board (*Discussion Item*)
6. Ongoing Business by Directors (*Discussion Item*)
7. General Public Comment (*Discussion Item*) ***In addition to General Public Comment (Item #7), Public Comment will be held during each item on the agenda.***

8. CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine by the Treasure Island Development Authority Board and will be acted upon by a single vote of the Authority Board. There will be no separate discussion of these items unless a member of the Authority Board so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

- a.) Approval of Minutes of July 26th, 2006 Special Meeting (*Action Item*)
9. Resolution Commending and Thanking Ms. Joanne Sakai, Deputy Executive Director of the San Francisco Redevelopment Agency, for Her Leadership and Service as the Interim Director for the Treasure Island Project Office (*Action Item*)
10. Presentation of Draft Financing Plan and Transaction Structure (*Discussion Item*)
11. Resolution Authorizing an Agreement with the San Francisco County Transportation Authority for Administration of an Engineering Contract to Complete a Project Study Report for Replacement of Yerba Buena Island Ramps for an Amount Not to Exceed \$375,000 (*Action Item*)
12. Resolution Approving the Election of Officers of the Treasure Island Development Authority, as Nominated by the Ad Hoc Nomination Committee to Serve for a Ten Month Term Beginning September 1, 2006 and Ending June 30, 2007 (*Action Item*)
13. Discussion of Future Agenda Items by Directors. (*Discussion Item*)
14. Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Development Authority Office, 410 Avenue of the Palms, Building 1, Treasure Island, and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

Disability Access

The Treasure Island Development Authority holds its regular meetings at San Francisco City Hall. City Hall is accessible to persons using wheelchairs and others with disabilities. Assistive listening devices are available upon request. Agendas are available in large print. Materials in alternative formats and/or American Sign Language interpreters will be made available upon request. Please make your request for alternative format or other accommodations to the Mayor's Office on Disability 554-6789 (V), 554 6799 (TTY) at least 72 hours prior to the meeting to help ensure availability.

The nearest accessible BART station is Civic Center Plaza at the intersection of Market, Grove, and Hyde Streets. The accessible MUNI Metro lines are the J, K, L, M, and N (Civic Center Station or Van Ness Avenue Station). MUNI bus lines serving the area are the 47 Van Ness, 9 San Bruno, and the 6, 7, 71 Haight/ Noriega.

Accessible curbside parking is available on 1 Dr. Carlton B. Goodlett Place and Grove Street. For more information about MUNI accessible services, call 923-6142.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based scented products. Please help the City to accommodate these individuals.

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing devices.

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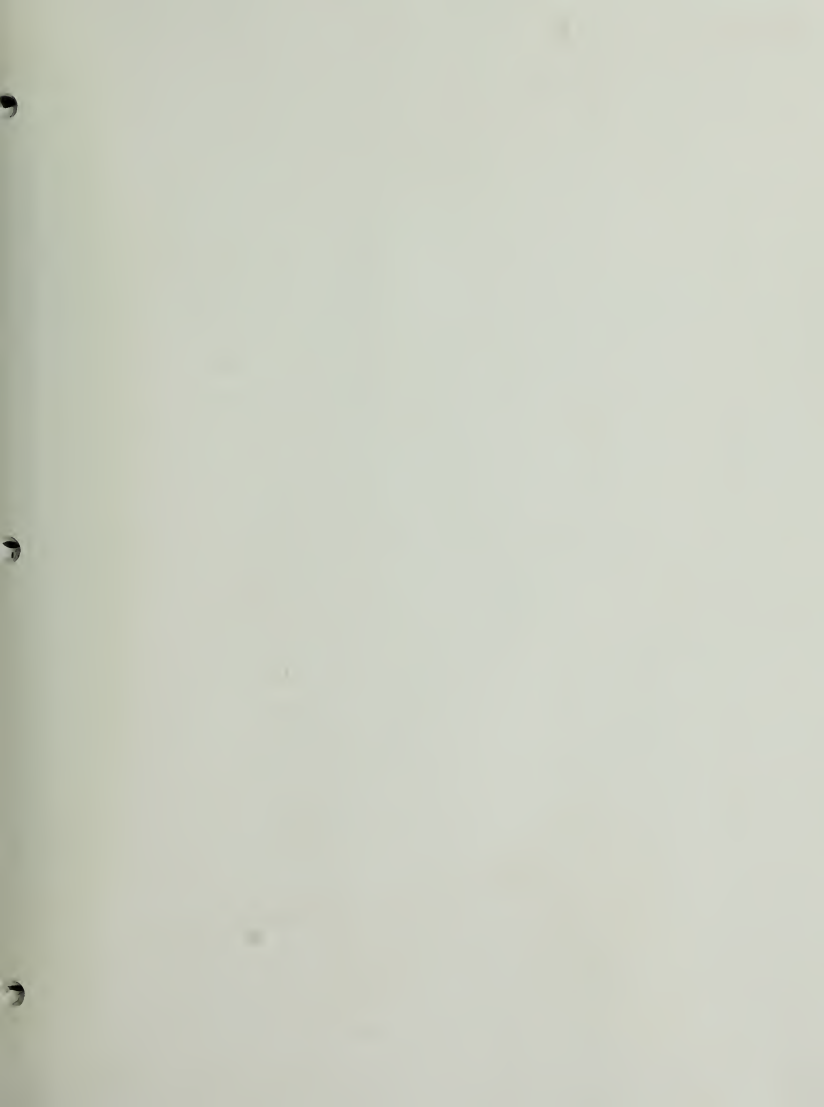
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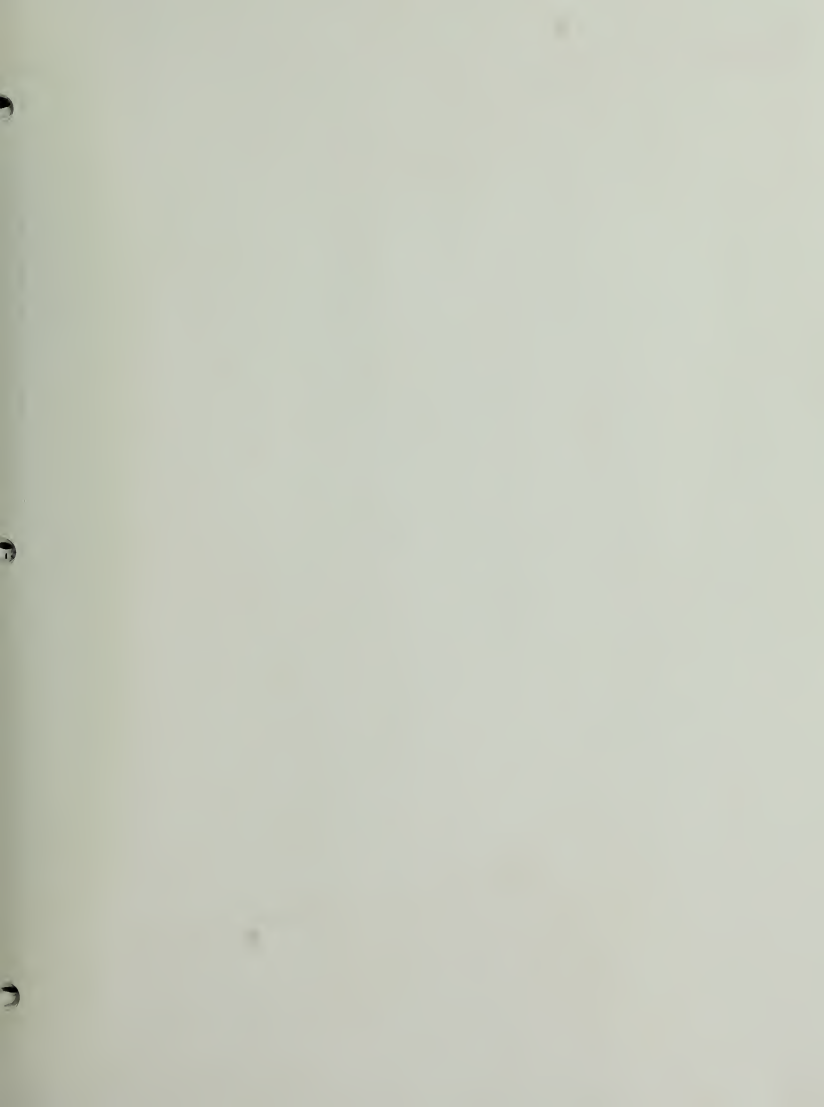


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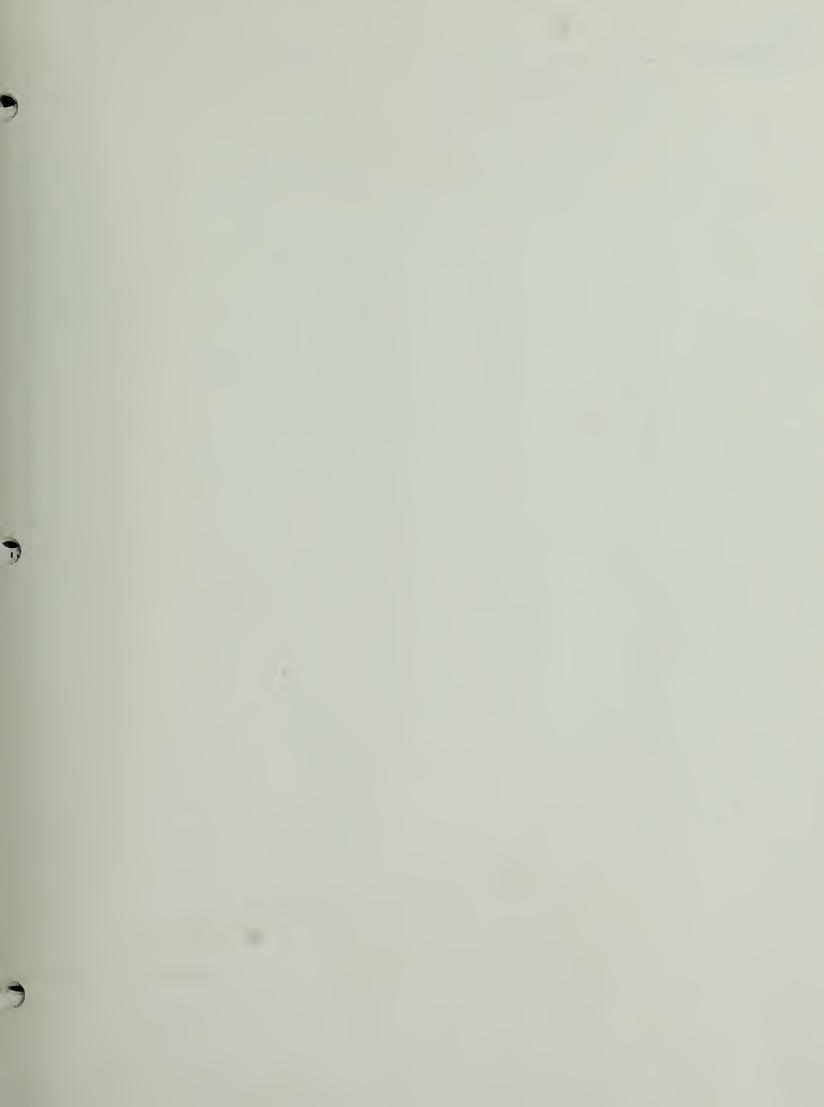


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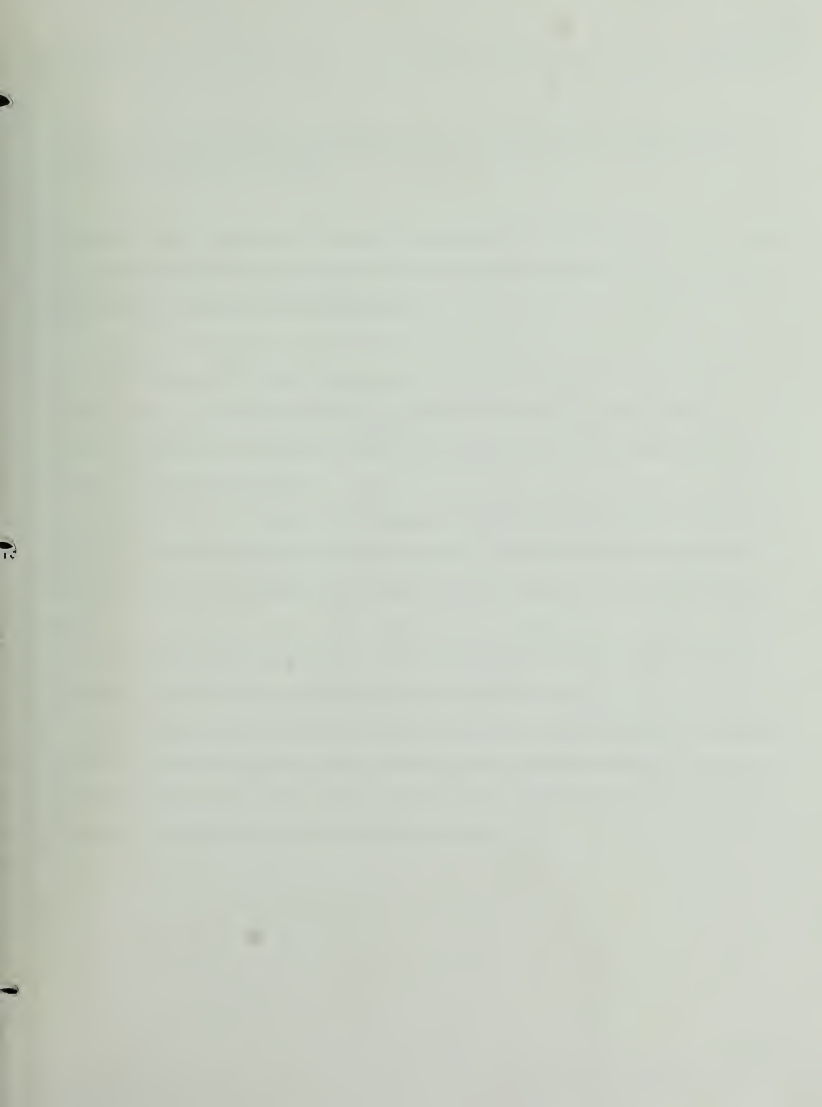




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[Resolution commending and thanking Joanne Sakai, Deputy Executive Director of the San Francisco Redevelopment Agency, for her leadership and service as the Interim Director of the Treasure Island Project Office.]

Resolution Commending and Thanking Joanne Sakai, Deputy Executive Director of the San Francisco Redevelopment Agency, for Her Leadership and Service as the Interim Director of the Treasure Island Project Office.

WHEREAS, Joanne Sakai has served as the Interim Director of the Treasure Island Project Office from October 2005 through July 2006, and, during her tenure, provided excellent leadership and management skills to the Treasure Island Project Office and the Treasure Island community; and

WHEREAS, Joanne has served the Treasure Island Project Office and the Treasure Island community with energy and commitment while continuing to perform her duties and responsibilities as a Deputy Executive Director of the San Francisco Redevelopment Agency; and

WHEREAS, the Board of Directors of the Treasure Island Development Authority is grateful for Joanne's service as Interim Director; now, therefore, be it

RESOLVED, That the Board of Directors of the Treasure Island Development Authority recognizes, commends and thanks Joanne Sakai for her excellent leadership and service as the Interim Director of the Treasure Island Project Office and wishes her continued success in her endeavors at the San Francisco Redevelopment Agency.

1 **CERTIFICATE OF PRESIDENT**

2

3 I hereby certify that I am the duly elected and acting President of the Treasure

4 Island Development Authority, a California nonprofit public benefit corporation, and

5 that the above Resolution was duly adopted and approved by the Board of Directors of

6 the Authority at a properly noticed special meeting on August 25, 2006.

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9 Claudine Cheng
President

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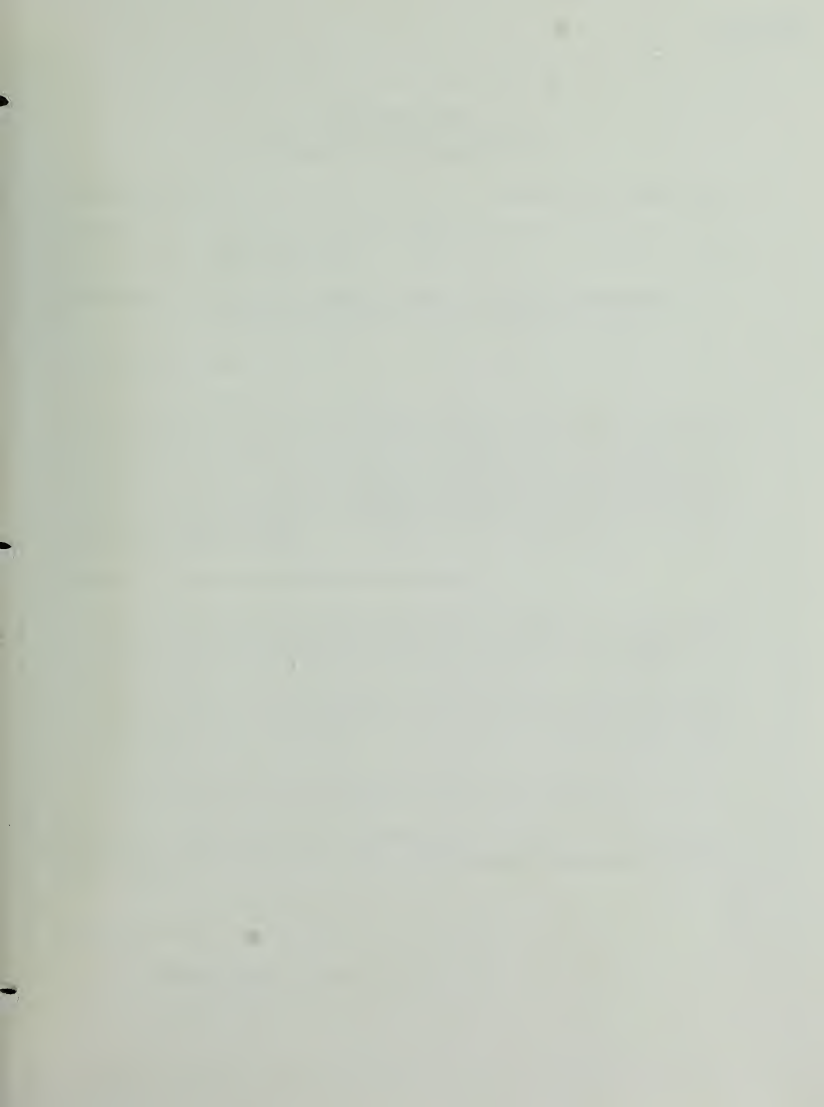
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AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No: 10

Meeting Date: August 25, 2006

Subject: Presentation of Draft Financing Plan and Transaction Structure
(Discussion Item)

Staff Contact: Michael Cohen, Mayor's Office of Base Reuse and Development
Jack Sylvan, Mayor's Office of Base Reuse and Development

BACKGROUND

This Draft Financing Plan and Transaction Structure (Financing Plan) is the lone remaining Development Plan component that has not yet been publicly presented in draft form for feedback from the TIDA Board and the Citizen's Advisory Board (CAB). This Financing Plan summarizes the extensive economic and financial analysis from all other Development Plan components into a single project financial analysis. The Financing Plan includes a summary of project capital financing in addition to illustrating the associated ongoing fiscal operations and transportation program economics.

There are three documents included with this staff summary:

1. The written Financing Plan, which describes guiding principles, sources of revenues and financing, project expenses, an analysis of the estimated project cash flow and a description of the financial transaction structure between the Authority and TIDC,
2. Tables (Tables 1 and 2) that summarize the project's anticipated sources of financing and use of those funds and a multi-year cash flow illustrating the project's capital, fiscal/public services and transportation funding from the beginning of the project through build out; and,
3. An extensive package of backup materials documenting the analysis and assumptions on costs, revenues and financing from which Tables 1 and 2 are derived.

This Plan was presented to the Treasure Island/Yerba Buena Island Citizen's Advisory Board (TI/YBI CAB) at its August 8, 2006 meeting and discussed at a subcommittee meeting on August 15, 2006.

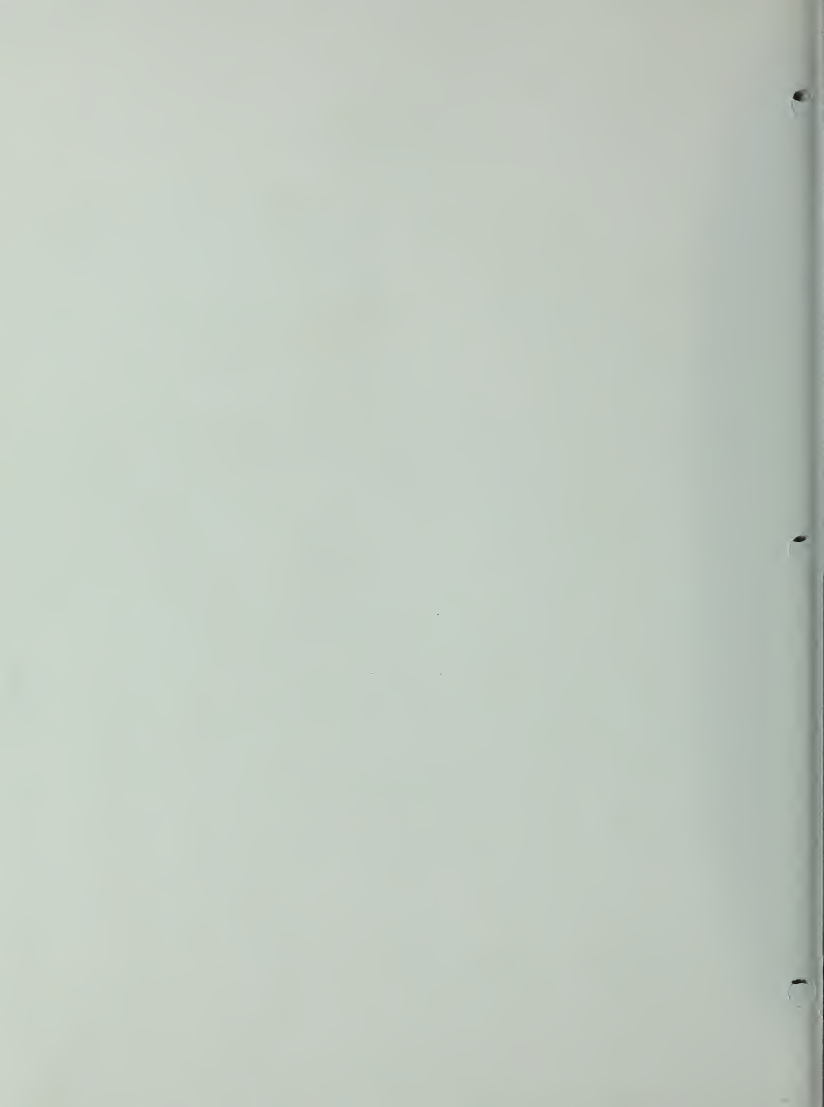
EXHIBITS

- A Draft Financing Plan and Transaction Structure.





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DRAFT FINANCING PLAN AND TRANSACTION STRUCTURE

August 25, 2006

DRAFT/FOR DISCUSSION PURPOSES ONLY

I. INTRODUCTION AND PURPOSE

The Draft Financing Plan and Transaction Structure (Financing Plan) has been prepared jointly by the Treasure Island Development Authority (TIDA), with participation by TIDA's economic and financing consultants, and Treasure Island Community Development (TICD). This Financing Plan reflects the currently proposed land use plan, as well as the current analysis related to elements of the plan such as infrastructure, housing, transportation, community facilities, phasing and fiscal impacts, among others. As those elements of the plan are updated in response to public input, the Financing Plan will evolve correspondingly. Similarly, as market and cost information is updated beyond the Development Plan stage, the Financing Plan will be revised to reflect then current information. At this stage of the development planning, this Financing Plan serves three primary purposes:

1. To evaluate the overall financial feasibility of the land use plan
2. To understand and describe the project economics and general financing concepts
3. To understand and describe the basic financial transaction structure between TIDA and TICD

II. FINANCING PRINCIPLES AND TOOLS

A project as large and complex as the redevelopment of Treasure and Yerba Buena Islands, and which delivers substantial public benefits and improvements, generally will require several different funding sources. Funding for projects such as this may typically come in some or all of three primary forms, including:

- **Private capital:** The master developer provides and accesses private capital via both equity and private debt. This risk capital includes monies spent before the project has received entitlements as well as funds necessary to fund improvements as the project construction is underway. Like all forms of financial investment private capital requires a commercially reasonable market return for the relevant parties to invest the upfront capital.
- **Land-Secured Tax-Exempt Financing:** This form of financing leverages tax revenues generated by the project itself, and which would not exist were it not for the project, to finance eligible improvements. This mechanism is an efficient financing tool as the revenues may be bonded on a tax exempt basis, which is a cheaper form of borrowing than private capital. In order to qualify for tax-exempt status, the proceeds of these types of financing are generally limited to "public" improvements like infrastructure, streets, parks and affordable housing. Significantly, these types of debt are non-recourse to the affected public agencies – that is, the public agencies are not responsible for paying off the debt if the loan defaults. The sole security is the underlying land. Land-secured tax exempt financing typically takes the form of Mello Roos Bonds via a Community

Facilities District or Tax Increment Financing associated with a redevelopment project area. Each of these are described more fully below.

- **Direct Public Subsidy:** Often municipal agencies will directly invest general obligation bond proceeds or general fund revenues to support a specific major development effort. This is often done to spur private investment in an area. These general obligation bond or general fund revenues may be invested on an annual basis or may be used to repay bonds used to fund upfront infrastructure or land acquisition costs.

Since the inception of the master development planning process for Treasure Island, TIDA has clearly delineated that direct public subsidy from the City's General Fund would **not** be a funding option for the redevelopment of Treasure Island. This concept has been defined previously as the principle of financially "self-sufficient." In this context, financial "self-sufficiency" means fundamentally that the project must be funded by sources that result from the value created by the redevelopment and not any direct public subsidy. In light of this commitment to financial self-sufficiency, the following guiding principles govern this Financing Plan:

- Project financing will not rely on the City's General Fund and will be structured to ensure that there is no adverse impact to the General Fund
- Ensure the funding for and provision of the public benefits and facilities described in the Development Plan
- Ensure that the project is financially feasible and provides a commercially reasonable market rate return to TICD necessary to support the required investment of private capital in the project
- Provide a mechanism for the Authority to participate in profits from the development.

III. OVERVIEW OF PROJECT ECONOMICS

The financial analysis set forth in this Financing Plan is based on the currently proposed Land Use Plan and is structured around a horizontal development scenario. The horizontal development model structure is described later in this Financing Plan. The analysis assumes that TICD is responsible for all planning and entitlements/permit processing, demolition of structures, backbone infrastructure development, open space improvements, creation of developable pads for vertical construction, and master marketing programs for Treasure Island/Yerba Buena Island.

The financial analysis of the horizontal development compares estimated project revenues and financing sources to estimated development costs. Table 1 provides a summary of the projected sources and the uses of funds for the proposed development. "Sources" include two forms of land-secured tax exempt financing and private capital. "Uses" are project costs. A description of these sources and uses is provided below. "Project Revenues" are the revenues generated by the project and which are available to repay the private capital investment.

A. Sources : Proposed Financing Tools

Based on the discussion and principles outlined above, the following financing tools are proposed to fund redevelopment of Treasure Island.

- **Private Capital.** A significant amount of private equity will be necessary to support the redevelopment effort. All of the work associated with the planning and pre-development for the project to support the entitlement process is funded with private capital. In addition, substantial private capital is required to fund infrastructure development, land preparation and other improvements necessary for redevelopment, much of which must be constructed prior to the availability of the land-secured tax exempt financing. Based on current financial projections, it is estimated that TICD's private capital contribution to the project will be approximately \$497 million.
- **Mello Roos Bonds:** This financing mechanism requires developers and/or tenants and residents of new, market-rate development to pay an additional special tax on top of their annual property tax bill. The proceeds from this additional special tax is used to retire debt service from bonds that can be issued upfront to cover the costs of eligible public infrastructure, such as utilities, roads, geotechnical improvements and development of open space. Mello Roos bonds are often used in large-scale development projects in California, and more so recently in urbanized areas. Mello Roos bonds are not an investment of City dollars into the project, they are a self-appointed tax on the development that will ultimately be paid by most residential unit owners and commercial tenants. Mello Roos special taxes will not be levied on TIDA or TIHDI affordable housing units. Based on the overall value of the proposed development, the Mello Roos Bond proceeds are expected to total approximately \$361 million at Treasure Island.¹
- **Tax Increment Financing:** In a redevelopment area such as the one proposed for Treasure Island, the net new property tax revenues generated by new development and/or the tax appreciation of existing property can be dedicated to eligible capital improvements of public infrastructure. Tax increment bonds can be issued upfront to generate funds for public infrastructure and affordable housing. The debt service on such bonds is retired through the collection of the tax increment. Tax increment financing is typical of urban redevelopment projects in California as a means for redevelopment activity to self-finance necessary improvements via tax revenues that would not exist but for the redevelopment activity itself, which the tax increment financing in turn supports. As outlined in the Draft Housing Plan, the parties intend that 50% of all tax increment generated by redevelopment will be used for the purpose of producing new affordable housing, including related horizontal development costs and replacement TIHDI units. The remainder of the tax increment financing will be used for the construction of public infrastructure like parks, roads, transportation infrastructure, utilities and geotechnical reinforcement of Treasure Island. Overall, it is estimated that approximately \$338 million will be available from tax increment financing.

¹ For the purposes of the financial feasibility analysis, a Mello Roos special tax of 0.65% of total property value was included in the public financing calculations.

B. Uses: Project Costs

As summarized on Table 1, the estimated horizontal development costs associated with implementation of the Development Plan total approximately \$1.2 billion. Appendix A provides a detailed breakdown of these estimated project costs. The following is a summary of the various cost components.

Infrastructure Costs: The costs associated with the replacement and repair of the various infrastructure systems, open space improvements, and transportation facilities are expected to total approximately \$761 million. These include:

- Seismic reinforcement of the perimeter of Treasure Island and the Causeway and Viaduct that connect the island to the Bay Bridge;
- Complete replacement of all major infrastructure systems, including but not limited to the potable and recycled water distribution systems, the wastewater treatment system – including a new wastewater treatment plant, the stormwater drainage and treatment system, the electrical system, the natural gas network, the telecommunications lines and the roadway system;
- An integrated multi modal transit center and traffic mitigation measures, including the construction of a new ferry quay on the western side of Treasure Island;
- Creation of over 300 acres of public access, parks, open space and shoreline improvements;
- Demolition/deconstruction of obsolete and hazardous structures and systems;
- New or improved public and community facilities.

Affordable Housing: As outlined in the Housing Plan, 30% of all homes developed on Treasure Island/Yerba Buena Island – approximately 1,800 homes – will be developed as housing at below market rates and as more fully detailed in the Draft Housing Plan. Table 1 shows the contribution associated with the TIDA and TIHDI units at an estimated cost of approximately \$200 million². This includes the following:

² This amount only includes horizontal costs and required gap funding associated with affordable TIDA and TIHDI housing units. There is an additional \$71 million assumed in tax increment financing to fund vertical construction of the TIDA and TIHDI units. The 15% of units at affordable levels as part of the inclusionary housing program will be provided and funded by private vertical developers. The estimated cost of providing those units is approximately \$125 million. Both of these amounts are in addition to the \$200 million contribution to affordable housing by the project for the TIDA and TIHDI units, for a total affordable housing contribution by the project of approximately \$396 million.

- TIDA and the Treasure Island Homeless Development Initiative will construct housing at a spectrum of affordability levels. Funding for these units will come from various sources including tax increment, affordable housing tax credits, and housing impact fees. Additionally, because reasonably foreseeable subsidy sources alone will not ensure the construction of all of these units, gap funding will be provided by TICD of approximately \$34 million.
- TICD will provide development ready pads for all TIDA and TIHDI units at no cost to TIDA or TIHDI. The allocation of horizontal development costs to prepare these pads is estimated at \$166 million.

Environmental Remediation: The financial analysis assumes that either the Navy completes remediation of the contaminated sites necessary to support a transfer of the property to TIDA or that the Navy pays TIDA the monies necessary to complete the Navy's remediation responsibilities via an Early Transfer. Consequently, there are no funds reflected in the financial analysis for completion of the Navy's environmental remediation responsibilities under applicable federal law.

However, it is estimated that an additional \$28 million will be required for environmental remediation work beyond the Navy's cleanup requirements in order to implement the proposed development plan.

Other Costs: There are several other significant costs associated with the redevelopment of Treasure/Verba Buena Islands. These include:

- *Fiscal mitigation of impacts to the City's General Fund.* As outlined in the Fiscal Impact Analysis prepared by TIDA, a guiding principle of the project is to establish a municipal services payment to protect the City's General Fund during the early years of the project when the additional costs associated with providing public services to the Islands due to new development (e.g., police, fire, public works, etc.) are expected to exceed the new public revenue generated by the project (e.g., sales taxes, property taxes, fees, etc.). To offset this projected shortfall, the DDA will define a payment schedule of fixed fiscal mitigation payments by TICD to TIDA. This amount is currently estimated at \$37.8 million and will be updated as part of the revised Fiscal Impacts Analysis.
- *Fiscal Mitigation of Transportation Shortfalls in Early Years.* As outlined in the Draft Transportation Plan prepared by TICD, the transportation program is designed to be self-sufficient at build out using fare-box revenues, parking and congestion pricing fees to fund necessary transit service and other related programs. It is expected that in early years of the project, these revenues will not be sufficient to support the necessary operational expenses. To offset this projected shortfall, the DDA will define a payment schedule of fixed transportation program mitigation payments by TICD. This total shortfall amount is currently estimated at \$6.3 million and will be updated as part of the revised Transportation Plan.
- *Historic Rehabilitation.* As part of the development plan, TICD will complete the renovation of Building One and work with prospective tenants to complete historic renovations on other historic resources, including Buildings Two and Three and the "Great Whites" Officers Housing on Yerba Buena Island. The estimated cost for the historic rehabilitation of Building One is \$34 million.

- *Retail Subsidy.* As noted earlier, TICD will subsidize the initial phase of retail development to ensure that core neighborhood serving retail uses are developed in the early phases of the project. This subsidy is estimated to be \$7.3 million.
- *Planning & Entitlement.* The pre-development planning and entitlement work necessary to secure project approvals from the City and other regulatory agencies and to support conveyance and remediation negotiations with the Navy, including payment of TIDA's costs, is estimated at \$31.3 million from initiation of the Exclusive Negotiating Agreement through Close of Escrow.
- *Marketing, Project Management and Property Management and Closing Costs.* There are additional costs associated with the management of the property once a DDA is executed with TICD, the marketing associated with the proposed development, project management of the redevelopment effort, and closing costs associated with the sale of property. In total, these costs are estimated at approximately \$84 million and Table 1 shows the specific estimates for each of these cost components.

C. Project Revenues

Project revenues are revenues generated by redevelopment through land sales and leasing that are available to repay private investment. Total project revenues are estimated at approximately \$863 million. Appendix A provides a complete breakdown of these estimated project revenues and the assumptions from which they are derived. The primary sources of revenue are:

- *Sale of Land for New Residential Development.* The primary source of revenue is the sale of fully entitled, improved land for new residential development. The sale of fully entitled developable residential pads is expected to generate approximately \$631 million over the life of the project. Residential pad sales will include sites for both rental and for-sale developments. These residential land sales do not include TIHDI and TIDA affordable housing sites, which will be provided to TIDA by TICD at no cost.

Residential land values were determined based on two separate approaches. First, residual land values were calculated based on vertical pro formas for each proposed product type, with vertical construction costs provided by contractors building comparable product within the City. Those values were then compared against residential land sales within the City to validate and adjust the totals to reflect market conditions. Absorption of market rate residential pads is expected to occur over a seven year period beginning in 2011. The average land price per residential unit (inclusive of all product types) is estimated at \$145,000 per unit for for-sale units and \$52,000 per unit for rental units. An annual inflation rate of 2.5% has been assumed for pad sale revenues. Appendix A provides a comprehensive summary of the data and assumptions from which the residential revenues were derived.

- *Interim Leasing of Existing Facilities.* The lease of existing buildings for residential and commercial uses is expected to gross approximately \$71.4 million. These revenues are expected to decline as the project is built out and the existing buildings are demolished/deconstructed.

- *New Leases for Long-Term Commercial Use.* Lease revenues from new commercial development (e.g., retail and hotel uses) is expected to gross approximately \$11.3 million in project proceeds. However, TICD has committed to developing a core retail area with services to support the community in early phases of the project. This commitment will require a commercial development subsidy of approximately \$7.3 million (shown as a cost to the project), bringing the net lease revenue from commercial uses to approximately \$4.0 million.³

IV. Financial Cash Flow Analysis

The discussion of sources, uses and revenues above provides a static summary of total project financing, total project costs and total revenues. In actuality, these costs and revenues are incurred over time from the inception of development planning through the buildout of the project and the impacts of these timing issues have an enormous impact on the overall financial feasibility of the project. As is often the case with large, complex, urban infill redevelopment efforts, in the initial years of planning and construction a large proportion of overall costs must be incurred and revenues follow much later. At Treasure Island this is particularly true as a result of the significant infrastructure improvements that must be made in the early phases in order to support development of the land. These necessary upfront infrastructure costs were discussed earlier and, in particular, include:

- geotechnical stabilization of the island perimeter and Yerba Buena Island causeway and viaduct,
- construction of a new wastewater treatment facility,
- creation of a new ferry quay and terminal,
- establishment of new backbone utility infrastructure, including off-site improvements to ensure secure connections to the wider regional distribution system, and
- providing secure utility connections and service to the existing housing on the island which will remain through the last phase of the project.

A cash flow analysis has been developed, and is included as Table 2, to estimate the annual timing of the expected revenues and costs associated with the project. This cash flow is consistent with timing assumptions for infrastructure development, provision of parks and community facilities, and sales of land as presented in the Draft Phasing Plan. The cash flow analysis shows that:

- TICD will be responsible for approximately \$230 million of private capital investment before any tax exempt financing is available and before the sale of the first residential pads in 2011;
- Beginning in 2011, approximately \$700 million in land-secured tax exempt financing is created and utilized.

³ Assumptions regarding hotel and retail market revenues are provided in the assumptions table of the Fiscal Impacts Analysis.

- The cumulative cash flow to TICD is projected to remain negative through 2014;
- From 2011 through project completion an additional \$267 million in private capital is invested in the project, for a total private capital investment of approximately \$497 million;

A. Project Feasibility

To create a feasible financial transaction structure, TIDA and TICD had to agree on basic project economics of the development program. These baseline assumptions informed TIDA and TICD as they sought to achieve the public policy objectives of the Project and meet TICD's requirements for a reasonable economic return on its capital investment.

Based on the current land use plan and certain key economic assumptions jointly made at this point in the project planning process, this Financing Plan demonstrates a financially feasible project. The cash flow analysis projects an internal rate of return (IRR) to TICD of approximately 19.7%. In light of agreed upon economic assumptions, the parties believe that this projected level of return at this stage of project planning is adequate to support continued private investment in the project.

The subsequent section discusses the Transaction Structure and outlines the commercially reasonable market rate return required by TICD to invest the private risk capital in the project. While the current project cash flow projects a return for TICD that is sufficient to move forward with the project planning in more detail, the parties recognize that it will be necessary to find additional efficiency or value in the project moving from the Development Plan to the Disposition and Development Agreement (DDA) to meet the threshold for a commercially reasonable market return for a project of Treasure Island's complexity and risk.

Additionally, it should be noted that the current financial analysis does not support any land value to the Navy in exchange for transfer of the property. This reflects the reality of developing an urban infill project on an island in the middle of San Francisco Bay and the resulting infrastructure requirements that are associated with that scenario: aging infrastructure systems that are completely outdated and inconsistent with City standards, including off site connections; the need for significant geotechnical improvements both island-wide and for individual buildings that reduces the residual land value for specific building pads, and; the need to develop an entirely new transportation infrastructure system that can serve the critical mass of development needed for the project to be successful but to also ensure that traffic impacts on the at-capacity Bay Bridge are mitigated.

TIDA and TICD are engaged in initial conversations with the Navy regarding an Economic Development Conveyance (EDC). TIDA and the Navy have agreed that the process for negotiating the conveyance will involve, first, completing the Development Plan with TICD including endorsement by the TIDA Board and Board of Supervisors, and then the Navy and TIDA negotiating a "Cost" EDC based on the residual land value of that Development Plan. Subject to these negotiations, it may be necessary to find efficiencies in the project or create additional value in order to structure a deal with the Navy and such changes would need to be reflected in a revised cash flow analysis. Notwithstanding the foregoing, any revisions to the project must result in a fair and balanced agreement that provides TICD with a reasonable market rate return and the City and the Authority with an appropriate public benefits package that achieves the public policy objectives for the project.

B. Fiscal Impacts Analysis

The overall fiscal revenues and service costs associated with the new development are also shown on the cash flow to provide a complete picture of the project economics. This analysis measures the net increase in revenues accruing to the City from new development and additional expenses associated with providing necessary public and community services as part of the development. These net impacts are compared against a baseline represented by the actual fiscal picture of revenues and costs associated with the current use of the island without any new development. At build out of the project, annual fiscal revenues accruing to the City are expected to be much greater than the ongoing operating costs to provide services. During initial phases of the project, fiscal shortfalls are likely due to the need for minimum levels of public services and infrastructure in advance of fiscal revenues generated by development. Consistent with the guiding principles outlined previously, in order to ensure no adverse impact on the City's General Fund, the shortfalls in initial years will be covered by project-specific funding. In the cash flow analysis on Table 2, the shortfalls shown in initial years totaling approximately \$37.8 are covered by project-specific funding sources such that the net fiscal impact to the City is zero. In the project financing cash flow, these Fiscal Mitigation Payments, discussed earlier, are shown as project payments. Summary tables from an updated fiscal impacts analysis, from which these numbers are drawn, are included in Appendix A.

C. Transportation Operations Financial Analysis

In addition to measuring the fiscal impacts of the project, because of the importance of the transportation plan and programs that have been proposed to enable a successful project, the overall project cash flow also reflects estimated revenues and expenses associated with the transportation programs. As shown on Table 2, at build out the revenues associated with transit farebox, congestion pricing and non-residential parking are expected to exceed the costs of the program which includes transit service costs, management of the parking and congestion pricing programs and administration of the remainder of the transportation demand management programs. As with the fiscal impacts, during early years of the project program shortfalls are likely due to the need for minimum service levels in advance of project-generated transportation program revenues. In order to ensure a viable transportation program from the beginning of the redevelopment, these initial shortfalls will be covered by project-specific funding sources. These transportation program mitigation payments are estimated at approximately \$6.3 million. These figures are derived from an extensive analysis included as part of the Transportation Plan. A revised Transportation Plan will provide full backup for these figures, but was not available in time to include with this Financing Plan.

V. TRANSACTION STRUCTURE

The analysis included in this Financing Plan reflects a horizontal land development model. Under this model, land is the asset that is being improved and sold, not buildings. The transaction structure is designed to transform the property into parcels that are improved with streets, sidewalks, parks, infrastructure and certain community facilities. In this structure, the basic obligations for the developer involve development of horizontal improvements, as outlined and described above. In return, the master developer has the right to sell land or long-term leasehold interests. While the transaction

structure defines certain rights to vertical development as well, the financial analysis is based on the residual land value of these rights to sell land or leasehold interests.

The transaction structure outlined below allows for the distribution of net project revenues (defined as project revenues less project expenses) according to market-based principles regarding risk, financing requirements and TICD's and TIDA's respective financial contributions to the project. The transaction structure is designed to allow TICD to receive a commercially reasonable market rate return on its investment, with TIDA sharing in any excess profits. TIDA does not, however, bear the risk if the targeted returns are not achieved. The proposed transaction structure would distribute the net project revenues as follows:

- First, to TICD, until TICD receives a 20% annual internal rate of return on TICD's private capital contributions, compounded quarterly;
- Second, to TIDA, until TIDA receives the sum of (1) any actual development costs of the Authority relating to the Project not already paid by TICD under the ENA, plus interest accrued on such amounts from the date incurred until repaid at the City's cost of funds, and (2) the estimated net present value of the net rental revenue from the existing housing on the Island, currently estimated to be between \$20 million and \$25 million;
- Third, to TICD, until TICD receives an additional 5% annual internal rate of return on project expenses, compounded quarterly, such that TICD receives a total 25% annual internal rate of return on TICD's private capital contributions; and
- Fourth, the remainder to be split 50:50 between TIDA and TICD.

TIDA's economic consultants, Economic and Planning Systems (EPS), have determined based on their experience with a multitude of complex public-private joint development projects over many years, that the transaction structure defined above, and the return threshold included therein, is commercially reasonable for the complexity and risk inherent in the redevelopment of Treasure Island.

A. Vertical Development Rights

While the overall transaction is a horizontal land development model, the agreement also specifies the degree to which TICD will have the right to participate in vertical development of residential and commercial uses. In conjunction with TICD's completion of the horizontal development requirements for each phase of development, the improved land parcels will be subdivided into marketable lots or blocks and, subject to the requirements of the DDA, the parcels will be either:

- sold or leased at fair market value to qualified vertical developers (including TICD and its affiliates) for the vertical development of the residential and commercial uses as defined in the land use plan and the final DDA,
- transferred to TIDA or THDI for affordable housing development, or
- retained by TIDA and/or dedicated to the City for affordable housing, open space, community facilities and other public uses.

For vertical development of residential and commercial uses the Development Plan includes a proposed split of vertical development that would allow some parcels to be

sold to third party, market rate builders. In addition to creating architectural diversity within the community, these sales will "benchmark" land prices to better ensure properties sold within the TICD venture are sold at prevailing market prices. To the extent TICD and affiliated companies participate in the vertical development, they will pay full fair market value for the land, just as any third party developer would, pursuant to an appraisal process to be set forth in the DDA. TICD affiliates also must have similar creditworthiness and development experience as will be required of third party developers under the DDA. In order to uphold the overall quality of the development, the City will ensure that any third party builder is qualified to perform the proposed vertical development so as not undermine the overall quality of the community and all vertical development will be subject to the terms and guidelines outlined in Design for Development (D for D) and Design Review and Development Application Procedure (DRDAP) documents approved as part of the Redevelopment Plan and DDA.

Specifically, TICD and its affiliates will have the right to develop 100% of the vertical commercial development, including the hotels. Regarding market rate residential development, vertical development will be allocated as follows:

- 20% of the homesites to be sold via a blind auction to third party builders, subject to a minimum purchase price agreed to by TICD and TIDA. If no bids are received at the minimum price, then TICD would be allowed to bid for these parcels.
- 20% of the homesites to be sold and developed by a joint venture in which TICD or one of its affiliates can participate, but cannot serve as the managing member during the design and construction phase.
- 60% of the homesites to be sold to TICD or one of its affiliates for development.

Vertical development will be subject to a separate vertical DDA which will allow for profit participation. In addition, in order to protect itself from any windfall profits from the development, TIDA will participate in vertical profits received by TICD via these vertical DDA's as those profits flow through the transaction structure defined above.

TABLE 1**Treasure Island: Sources and Uses**

Comments

Sources

TICD Private Capital	\$	497,680,000
Land Secured Tax Exempt Financing		
Mello Roos	\$	360,728,000
Tax Increment	\$	338,055,000
Total Sources	\$	1,196,463,000

Uses**Property Acquisition/Navy Payment**

\$ -

Infrastructure Costs

Island Stabilization & Geotechnical Improvements	\$	46,638,000
Parks & Open Space	\$	90,393,000
Utilities (Water, Wastewater, Storm, Dry Utilities)	\$	174,730,000
Community Facilities & Amenities	\$	47,664,000
Street Improvements	\$	31,362,000
Demolition/Deconstruction	\$	33,044,000
Grading	\$	9,339,000
Design and Engineering	\$	46,614,000
Fees, Bonds & Permits	\$	17,123,000
Construction Management	\$	22,830,000
Contingency	\$	125,568,000
Subtotal	\$	645,305,000
Share of Horizontal Costs Supporting Affordable Housing	\$	(166,048,000)
Subtotal Infrastructure	\$	479,257,000

Transportation Program

Capital Costs (Ferry Boats, Buses, Shuttles, Parking)	\$	80,520,000
Ferry Quay and Terminal	\$	28,992,000
Operating Shortfall	\$	6,304,000
Subtotal Transportation Program	\$	115,816,000

Affordable Housing

Gap Funding for TIHDI and TIDA Units*	\$	34,400,000
Share of Horizontal Costs Supporting Affordable Housing	\$	166,048,000
Subtotal Affordable Housing	\$	200,448,000

Environmental Remediation

\$ 28,080,000

Additional Project Requirements

Historic Rehab Costs	\$	34,442,000
Retail Subsidy	\$	7,333,000
Subtotal Additional Project Requirements	\$	41,775,000

Fiscal Mitigation Payments

\$ 37,841,000

Other Costs

Planning & Entitlement	\$	26,095,000
City Costs	\$	5,217,000
Closing Costs	\$	3,748,000
Marketing Costs	\$	17,858,000
Project Management	\$	23,487,000
Interim Property Management	\$	26,908,063
Other (Misc Expenses, Taxes, etc)	\$	12,881,386
Subtotal Other Costs	\$	116,194,000
Subtotal All Uses	\$	1,019,411,000
Inflation to Costs	\$	177,052,000
Total Uses	\$	1,196,463,000

2.5% of Cost

* Excludes project contributions to vertical development including \$71 million in tax increment for TIDA & TIHDI units and \$125 million for Inclusionary Housing

TABLE 2

Treasure Island: Cash Flow

	Total	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Costs	\$	(1,196,246,000) \$	(598,626) \$	(1,839,385) \$	(7,845,512) \$	(8,802,512) \$	(12,649,577) \$	(69,883,503) \$	(128,727,780) \$	(164,820,473) \$
Property Acquisition/Navy Payment	\$	-	-	-	-	-	-	-	-	-
Infrastructure Costs	\$	(479,238,000) \$	-	-	-	-	-	-	(70,445,363) \$	(82,538,259) \$
Program - Capital Exp	\$	(109,250,000) \$	-	-	-	-	(2,667,273) \$	(33,258,144) \$	(8,440,849) \$	(8,830,637) \$
Transportation Operating Shortfall	\$	(304,000) \$	-	-	-	-	-	(4,220,425) \$	-	-
Contribution to Affordable Housing	\$	(200,448,000) \$	-	-	-	-	-	(10,772,569) \$	(21,654,573) \$	(30,096,187) \$
Environmental Remediation	\$	(28,080,000) \$	-	-	-	-	(711,499) \$	(1,030,780) \$	(2,194,272) \$	(2,447,400) \$
Additional Project Requirements	\$	(41,774,000) \$	-	-	-	-	-	(1,193,605) \$	(1,343,047) \$	(5,504,745) \$
Fiscal Mitigation Payment	\$	(37,841,000) \$	-	-	-	-	-	(6,417,908) \$	(6,417,908) \$	(6,417,908) \$
Other Costs	\$	(116,195,000) \$	(598,626) \$	(1,839,385) \$	(7,845,512) \$	(8,802,512) \$	(8,776,958) \$	(8,661,207) \$	(8,055,605) \$	(12,950,984) \$
Inflation on Costs (2.5%)	\$	(176,858,000) \$	-	-	-	(115,012) \$	(493,848) \$	(4,034,767) \$	(10,176,165) \$	(16,504,152) \$
Land Secured Tax Exempt Financing	\$	698,783,000 \$	-	-	-	-	-	-	-	-
Mello Roos	\$	360,728,000 \$	-	-	-	-	-	-	-	-
Tax Increment	\$	338,055,000 \$	-	-	-	-	-	-	-	-
Required Private Capital	\$	(497,466,000) \$	(1,439,025) \$	(1,839,385) \$	(7,845,512) \$	(8,802,512) \$	(12,649,577) \$	(69,883,503) \$	(128,727,780) \$	(104,421,171) \$
Revenues	\$	862,684,000 \$	-	-	-	-	-	-	9,107,204 \$	166,681,697 \$
For-Sale Pads	\$	602,697,000 \$	-	-	-	-	-	-	-	136,607,564 \$
For-Rent Pads	\$	28,898,000 \$	-	-	-	-	-	-	-	4,128,756 \$
Interim Leasing	\$	71,449,000 \$	-	-	-	-	-	-	9,107,204 \$	9,107,204 \$
Hotel Pads	\$	11,334,000 \$	-	-	-	-	-	-	-	-
Other Revenue	\$	16,031,000 \$	-	-	-	-	-	-	-	-
Inflation on Revenues (2.5%)	\$	132,316,000 \$	-	-	-	-	-	-	-	17,439,223 \$
Cash Flow	\$	365,198,000 \$	(1,439,025) \$	(598,626) \$	(7,845,512) \$	(8,802,512) \$	(12,649,577) \$	(59,881,299) \$	(119,620,576) \$	(62,260,126) \$
Cumulative Cash Flow	\$	(1,439,025) \$	(2,037,652) \$	(3,876,936) \$	(11,722,448) \$	(20,524,960) \$	(33,174,537) \$	(93,155,837) \$	(212,776,413) \$	(350,515,587) \$
Internal Rate of Return		19.65%								
Transit Program Operations										
Revenues	\$	-	-	-	-	-	-	-	-	-
Expenditures	\$	-	-	-	-	-	-	-	-	-
Surplus or (Shortfall)	\$	-	-	-	-	-	-	-	-	-
Developer Payments	\$	6,304,000 \$	-	-	-	-	-	-	-	-
Net	\$	-	-	-	-	-	-	-	-	-
Public Facilities and Services Operations										
Revenues	\$	-	-	-	-	-	-	-	-	-
Expenditures	\$	-	-	-	-	-	-	-	-	-
Subtotal	\$	37,841,000 \$	-	-	-	-	-	-	-	-
Fiscal Mitigation Payment	\$	-	-	-	-	-	-	-	-	-
Net	\$	-	-	-	-	-	-	-	-	-

August 2010.

TABLE 2

Treasure Island: Cash Flow

	2015	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Costs	\$ (117,553,223)	\$ (126,525,402)	\$ (99,324,475)	\$ (123,062,772)	\$ (118,073,983)	\$ (117,964,934)	\$ (138,335,763)	\$ (346,335)	\$ (599,964)	\$ (573,993)	\$ (588,143)
Property Acquisition/Novy Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Infrastructure Costs	\$ (48,250,476)	\$ (50,317,625)	\$ (42,989,188)	\$ (29,056,000)	\$ (44,900,423)	\$ (61,252,718)	\$ (13,581,206)	\$ -	\$ -	\$ -	\$ -
Transportation Program - Capital Exp.	\$ (12,933,333)	\$ (14,475,000)	\$ (6,078,333)	\$ (10,763,333)	\$ (14,836,667)	\$ (23,508,333)	\$ (5,425,000)	\$ -	\$ -	\$ -	\$ -
Transportation Operating Shortfall	\$ -	\$ (3,339,000)	\$ (1,875,000)	\$ (441,000)	\$ (649,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution to Affordable Housing	\$ (2,081,469)	\$ (3,693,697)	\$ (12,529,070)	\$ (15,101,657)	\$ (22,062,881)	\$ (30,329,811)	\$ (5,744,820)	\$ -	\$ -	\$ -	\$ -
Commercial Real Estate Development	\$ (1,644,333)	\$ (2,171,614)	\$ (2,171,614)	\$ (2,062,333)	\$ (2,062,333)	\$ (9,145,278)	\$ (2,219,958)	\$ -	\$ -	\$ -	\$ -
Additional Public Payments	\$ (1,644,333)	\$ (2,171,614)	\$ (2,171,614)	\$ (2,062,333)	\$ (2,062,333)	\$ (9,145,278)	\$ (2,219,958)	\$ -	\$ -	\$ -	\$ -
Fiscal Mitigation Payment	\$ (6,274,236)	\$ (4,839,472)	\$ (5,517,293)	\$ (7,135,316)	\$ (7,135,316)	\$ (2,231,466)	\$ -	\$ -	\$ -	\$ -	\$ -
Other Costs	\$ (9,601,723)	\$ (9,574,069)	\$ (9,944,584)	\$ (7,926,715)	\$ (7,963,055)	\$ (8,107,185)	\$ (2,646,666)	\$ (400,000)	\$ (400,000)	\$ (400,000)	\$ (400,000)
Inflation on Cost (2.5%)	\$ (14,004,736)	\$ (18,193,938)	\$ (16,131,621)	\$ (23,234,047)	\$ (24,836,769)	\$ (19,188,113)	\$ (9,676,653)	\$ (16,335)	\$ (159,994)	\$ (173,993)	\$ (188,343)
Land Secured Tax Exempt Financing	\$ 48,994,453	\$ 45,000,084	\$ 119,799,888	\$ 65,976,918	\$ 88,113,964	\$ 106,835,990	\$ 48,339,416	\$ 42,249,844	\$ 44,445,899	\$ 5,731,815	\$ 6,995,112
Mello-Roos	\$ 43,994,453	\$ 40,000,084	\$ 114,799,888	\$ 60,976,918	\$ 83,113,964	\$ 101,835,990	\$ 46,339,416	\$ 40,249,844	\$ 42,445,899	\$ 5,731,815	\$ 6,995,112
Tax Increment	\$ -	\$ -	\$ 5,000,000	\$ 3,999,999	\$ 39,943,634	\$ 57,555,617	\$ 48,539,416	\$ 42,249,844	\$ 44,445,899	\$ 5,731,815	\$ 6,995,112
Required Private Capital	\$ (71,558,768)	\$ (81,152,319)	\$ 20,417,413	\$ (36,625,453)	\$ (30,759,998)	\$ (66,528,943)	\$ 9,676,653	\$ 41,709,599	\$ 43,885,995	\$ 5,157,821	\$ 6,106,769
Revenues	\$ 94,305,172	\$ 99,405,668	\$ 159,702,651	\$ 114,031,739	\$ 104,089,866	\$ 102,367,291	\$ 3,885,255	\$ -	\$ -	\$ -	\$ -
Front-End Pads	\$ 69,234,716	\$ 71,726,716	\$ 117,726,716	\$ 69,732,384	\$ 69,732,384	\$ 69,732,384	\$ -	\$ -	\$ -	\$ -	\$ -
Front-End Pads	\$ 4,128,276	\$ 4,128,276	\$ 4,128,276	\$ 4,128,276	\$ 4,128,276	\$ 4,128,276	\$ -	\$ -	\$ -	\$ -	\$ -
Interim Leasing	\$ 9,107,204	\$ 8,291,204	\$ 8,922,384	\$ 7,642,889	\$ 6,538,548	\$ 2,500,191	\$ 325,000	\$ -	\$ -	\$ -	\$ -
Hotel Pads	\$ -	\$ -	\$ -	\$ 11,333,906	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ 2,671,812	\$ 2,671,812	\$ 2,671,812	\$ 2,671,812	\$ 2,671,812	\$ 2,671,812	\$ -	\$ -	\$ -	\$ -
Inflation on Revenues (2.5%)	\$ 11,277,108	\$ 13,881,992	\$ 26,323,404	\$ 18,462,272	\$ 20,838,646	\$ 23,274,429	\$ 888,443	\$ -	\$ -	\$ -	\$ -
Cash Flow	\$ 20,746,403	\$ 18,253,349	\$ 180,170,064	\$ 77,466,286	\$ 73,329,867	\$ 35,438,348	\$ 13,564,908	\$ 41,709,599	\$ 43,885,995	\$ 5,157,821	\$ 6,106,769
Cumulative Cash Flow	\$ (139,769,164)	\$ (111,515,035)	\$ 68,604,430	\$ 146,010,715	\$ 215,940,583	\$ 254,778,930	\$ 268,349,839	\$ 310,047,348	\$ 353,933,343	\$ 359,091,164	\$ 365,197,933
Internal Rate of Return											
Transit Program Operations	\$ -	\$ 4,912,000	\$ 8,215,000	\$ 12,668,000	\$ 15,970,000	\$ 21,696,000	\$ 24,658,000	\$ 27,615,000	\$ 30,575,000	\$ 30,575,000	\$ 30,575,000
Revenues	\$ -	\$ -	\$ 10,750,000	\$ 16,750,000	\$ 16,750,000	\$ 19,960,000	\$ 21,500,000	\$ 23,575,000	\$ 26,735,000	\$ 26,735,000	\$ 26,735,000
Expenses	\$ -	\$ (3,339,000)	\$ (1,875,000)	\$ (441,000)	\$ (649,000)	\$ (1,736,000)	\$ (1,736,000)	\$ (1,736,000)	\$ (1,736,000)	\$ (1,736,000)	\$ (1,736,000)
Surplus or (Shortfall)	\$ -	\$ 8,286,000	\$ 6,375,000	\$ 17,109,000	\$ 16,309,000	\$ 20,426,000	\$ 22,888,000	\$ 25,311,000	\$ 28,271,000	\$ 28,271,000	\$ 28,271,000
Developer Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net	\$ -	\$ 8,286,000	\$ 6,375,000	\$ 17,109,000	\$ 16,309,000	\$ 20,426,000	\$ 22,888,000	\$ 25,311,000	\$ 28,271,000	\$ 28,271,000	\$ 28,271,000
Public Facilities and Services Operations	\$ (5,243,985)	\$ 1,441,221	\$ 3,370,610	\$ 7,873,066	\$ 14,884,617	\$ 19,668,653	\$ 24,373,470	\$ 28,661,129	\$ 32,970,234	\$ 35,960,336	\$ 38,049,229
Revenues	\$ -	\$ 4,912,000	\$ 8,215,000	\$ 12,668,000	\$ 15,970,000	\$ 21,696,000	\$ 24,658,000	\$ 27,615,000	\$ 30,575,000	\$ 30,575,000	\$ 30,575,000
Expenses	\$ (5,243,985)	\$ (3,470,779)	\$ (4,844,390)	\$ (4,794,934)	\$ (10,885,383)	\$ (16,827,347)	\$ (22,284,530)	\$ (28,661,129)	\$ (35,960,336)	\$ (38,049,229)	\$ (40,128,276)
Subtotal	\$ (5,243,985)	\$ 1,441,221	\$ 3,370,610	\$ 7,873,066	\$ 14,884,617	\$ 19,668,653	\$ 24,373,470	\$ 28,661,129	\$ 32,970,234	\$ 35,960,336	\$ 38,049,229
Fiscal Mitigation Payment	\$ (6,274,236)	\$ (4,839,472)	\$ (5,517,293)	\$ (7,135,316)	\$ (7,135,316)	\$ (2,231,466)	\$ -	\$ -	\$ -	\$ -	\$ -
Net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

APPENDIX A

TREASURE ISLAND FINANCING PLAN

BACKUP DOCUMENTATION

AUGUST 2006

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TABLE 1

Treasure Island: Sources and Uses

Comments

Sources

TICD Private Capital	\$	497,680,000	
Land Secured Tax Exempt Financing			
Mello Roos	\$	360,728,000	
Tax Increment	\$	338,055,000	
Total Sources	\$	1,196,463,000	

Uses

Property Acquisition/Navy Payment

\$

Infrastructure Costs

Island Stabilization & Geotechnical Improvements	\$	46,638,000	
Parks & Open Space	\$	90,393,000	
Utilities (Water, Wastewater, Storm, Dry Utilities)	\$	174,730,000	
Community Facilities & Amenities	\$	47,664,000	
Street Improvements	\$	31,362,000	
Demolition/Deconstruction	\$	33,044,000	
Grading	\$	9,339,000	
Design and Engineering	\$	46,614,000	
Fees, Bonds & Permits	\$	17,123,000	
Construction Management	\$	22,830,000	
Contingency	\$	125,568,000	
Subtotal	\$	645,305,000	
Share of Horizontal Costs Supporting Affordable Housing	\$	(166,048,000)	
Subtotal Infrastructure	\$	479,257,000	

Transportation Program

Capital Costs (Ferry Boats, Buses, Shuttles, Parking)	\$	80,520,000	
Ferry Quay and Terminal	\$	28,992,000	
Operating Shortfall	\$	6,304,000	
Subtotal Transportation Program	\$	115,816,000	

Affordable Housing

Gap Funding for TIHDI and TIDA Units*	\$	34,400,000	
Share of Horizontal Costs Supporting Affordable Housing	\$	166,048,000	
Subtotal Affordable Housing	\$	200,448,000	

Environmental Remediation

\$

28,080,000

Additional Project Requirements

Historic Rehab Costs	\$	34,442,000	
Retail Subsidy	\$	7,333,000	
Subtotal Additional Project Requirements	\$	41,775,000	

Fiscal Mitigation Payments

\$

37,841,000

Other Costs

Planning & Entitlement	\$	26,095,000	
City Costs	\$	5,217,000	
Closing Costs	\$	3,748,000	.5% of Land Revenue
Marketing Costs	\$	17,858,000	2.5% of Total Revenue
Project Management	\$	23,487,000	3% of Infrastructure Cost
Interim Property Management	\$	26,908,063	
Other (Misc Expenses, Taxes, etc)	\$	12,881,386	
Subtotal Other Costs	\$	116,194,000	
Subtotal All Uses	\$	1,019,411,000	
Inflation to Costs	\$	177,052,000	2.5% of Cost
Total Uses	\$	1,196,463,000	

*Excludes project contributions to vertical development including \$71 million in tax increment for TIDA & TIHDI units and \$125 million for Inclusionary Housing

TABLE 2

Treasure Island: Cash Flow

	Total									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Total Costs	\$ (1,196,260,000)	\$ (1,439,025)	\$ (598,626)	\$ (1,839,285)	\$ (7,845,512)	\$ (8,802,512)	\$ (12,649,577)	\$ (69,088,503)	\$ (128,727,780)	\$ (164,820,473)
Property Acquisition/Neighborhood Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Infrastructure Costs	\$ (479,238,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation Program - Capital Exp	\$ (109,512,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation Operating Shortfall	\$ (6,304,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution to Affordable Housing	\$ (28,880,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Environmental Remediation	\$ (41,774,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Project Requirements	\$ (1,174,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Mitigation Payment	\$ (37,841,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Costs	\$ (116,195,000)	\$ (1,439,025)	\$ (598,626)	\$ (1,839,285)	\$ (7,845,512)	\$ (8,802,500)	\$ (8,776,928)	\$ (8,661,207)	\$ (8,055,665)	\$ (12,950,084)
Inflation on Costs (2.5%)	\$ (176,858,000)	\$ -	\$ -	\$ -	\$ -	\$ (133,012)	\$ (493,848)	\$ (4,034,767)	\$ (10,176,165)	\$ (16,504,155)
Land Seared Tax Exempt Financing	\$ 696,783,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,399,302
Mello-Rose	\$ 360,728,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,399,302
Tax Increment	\$ 336,055,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Required Private Capital	\$ (497,486,000)	\$ (1,439,025)	\$ (598,626)	\$ (1,839,285)	\$ (7,845,512)	\$ (8,802,512)	\$ (12,649,577)	\$ (69,088,503)	\$ (128,727,780)	\$ (104,421,171)
Revenues	\$ 862,684,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,107,204	\$ 9,107,204	\$ 166,681,997
For-Sale Peds	\$ 602,697,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,007,294
For-Rent Peds	\$ 28,898,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,128,276
Interim Leasing	\$ 71,460,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,107,204	\$ 9,107,204	\$ 9,107,204
Hotel Peds	\$ 11,334,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ 16,031,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Initiation on Revenues (2.5%)	\$ 132,216,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,439,323
Cash Flow	\$ 365,198,000	\$ (1,439,025)	\$ (598,626)	\$ (1,839,285)	\$ (7,845,512)	\$ (8,802,512)	\$ (12,649,577)	\$ (69,088,299)	\$ (119,620,576)	\$ 62,260,826
Cumulative Cash Flow	\$ -	\$ (1,439,025)	\$ (2,037,652)	\$ (3,876,936)	\$ (11,722,448)	\$ (20,524,960)	\$ (33,174,537)	\$ (93,155,837)	\$ (212,776,413)	\$ (150,515,587)
Internal Rate of Return	19.65%									
Transit Program Operations										
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus or (Shortfalls)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Developer Payments	\$ 6,304,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Facilities and Services Operations										
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Mitigation Payment	\$ 37,841,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

August 2016

TABLE 2

Treasure Island: Cash Flow

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Costs											
Development/Construction/Startup	\$ (117,551,222)	\$ (126,152,402)	\$ (99,382,475)	\$ (123,602,372)	\$ (118,873,082)	\$ (173,764,934)	\$ (58,835,703)	\$ (546,335)	\$ (550,094)	\$ (571,993)	\$ (588,343)
Infrastructure Costs	\$ (48,250,476)	\$ (50,317,625)	\$ (42,890,180)	\$ (29,054,800)	\$ (44,900,423)	\$ (61,252,718)	\$ (13,581,206)	-	-	-	-
Transportation Operating Shortfall	\$ (6,078,333)	\$ (16,078,333)	\$ (16,078,333)	\$ (16,078,333)	\$ (14,800,000)	\$ (23,580,000)	\$ (5,425,000)	-	-	-	-
Contribution to Affordable Housing	\$ (23,081,149)	\$ (26,093,697)	\$ (15,299,070)	\$ (15,101,657)	\$ (22,062,381)	\$ (20,729,811)	\$ (5,744,820)	-	-	-	-
Environmental Remediation	\$ (1,842,131)	\$ (1,312,523)	\$ (2,062,345)	\$ (3,624,291)	\$ (9,145,278)	\$ (2,210,958)	-	-	-	-	-
Additional Project Requirements	\$ (1,564,088)	\$ 1,792,924	\$ (6,422,29)	\$ (32,880,359)	\$ (3,624,291)	\$ (2,210,958)	-	-	-	-	-
Fiscal Mitigation Payment	\$ (6,271,726)	\$ (4,639,472)	\$ (5,537,293)	\$ (2,135,516)	-	\$ (2,223,496)	-	-	-	-	-
Other	\$ (1,004,735)	\$ (18,193,036)	\$ (9,441,564)	\$ (7,926,715)	\$ (7,983,955)	\$ (8,107,185)	\$ (2,642,666)	\$ (400,000)	\$ (400,000)	\$ (400,000)	\$ (400,000)
Inflation on Costs (2.5%)	-	-	\$ (16,131,621)	\$ (23,234,047)	\$ (24,836,766)	\$ (33,198,113)	\$ (9,246,113)	\$ (146,315)	\$ (159,994)	\$ (171,993)	\$ (188,343)
Land Secured Tax Exempt Financing											
Mello Roos	\$ 43,994,453	\$ 45,000,084	\$ 119,799,888	\$ 86,976,918	\$ 88,113,984	\$ 106,835,990	\$ 48,539,416	\$ 42,249,844	\$ 44,445,989	\$ 5,731,815	\$ 6,695,112
Tax Increment	\$ 43,994,453	\$ -	\$ 66,796,266	\$ 49,077,395	\$ 48,170,849	\$ 49,280,377	-	-	-	-	-
Required Private Capital	\$ (73,558,768)	\$ (81,152,219)	\$ 20,417,413	\$ (36,625,453)	\$ (30,759,998)	\$ (66,928,943)	\$ 9,679,653	\$ 41,703,509	\$ 43,885,995	\$ 5,157,821	\$ 6,106,769
Revenues											
For-Sale Pads	\$ 94,205,172	\$ 99,405,868	\$ 150,705,651	\$ 114,031,779	\$ 104,089,865	\$ 102,367,291	\$ 3,885,255	-	-	-	-
For-Rent Pads	\$ 69,792,584	\$ 69,792,584	\$ 117,726,776	\$ 69,792,584	\$ 69,792,584	\$ 69,792,584	-	-	-	-	-
Interim Leasing	\$ 4,128,276	\$ 4,128,276	\$ 4,128,276	\$ 4,128,276	\$ 4,128,276	\$ 4,128,276	-	-	-	-	-
Hotel Pads	\$ 9,107,204	\$ 8,931,204	\$ 8,922,384	\$ 7,642,889	\$ 6,688,548	\$ 2,900,191	\$ 325,000	-	-	-	-
Other Revenues	-	-	-	\$ 11,331,906	-	-	-	-	-	-	-
Inflation on Revenues (2.5%)	\$ 11,277,108	\$ 2,671,812	\$ 2,671,812	\$ 2,671,812	\$ 2,671,812	\$ 2,671,812	\$ 2,671,812	-	-	-	-
Cash Flow	\$ 20,746,403	\$ 18,253,549	\$ 180,120,064	\$ 77,462,286	\$ 73,729,867	\$ 35,438,348	\$ 12,564,908	\$ 41,703,509	\$ 43,885,995	\$ 5,157,821	\$ 6,106,769
Cumulative Cash Flow	\$ (129,769,184)	\$ (111,515,635)	\$ 68,604,430	\$ 146,010,715	\$ 219,340,583	\$ 254,778,930	\$ 268,340,839	\$ 310,047,348	\$ 353,933,343	\$ 399,091,104	\$ 461,197,953
Internal Rate of Return											
Treasury Program Operations											
Revenues	-	\$ 4,912,000	\$ 8,216,000	\$ 12,568,000	\$ 15,970,000	\$ 21,696,000	\$ 24,665,400	\$ 27,616,000	\$ 30,575,000	\$ 30,575,000	\$ 30,575,000
Expenditures	-	\$ 8,251,000	\$ 10,999,000	\$ 12,100,000	\$ 14,000,000	\$ 16,000,000	\$ 18,100,000	\$ 20,200,000	\$ 22,300,000	\$ 24,400,000	\$ 26,500,000
Surplus or (Shortfall)	-	\$ (3,339,000)	\$ 1,875,000	\$ 441,000	\$ 649,000	\$ 1,736,000	\$ 3,151,000	\$ 4,043,000	\$ 4,043,000	\$ 4,043,000	\$ 4,043,000
Developer Payments	-	-	\$ 1,875,000	\$ 441,000	\$ 649,000	\$ 1,736,000	\$ 3,151,000	\$ 4,043,000	\$ 4,043,000	\$ 4,043,000	\$ 4,043,000
Net	-	-	-	-	-	-	-	-	-	-	-
Public Facilities and Services Operations											
Revenues	\$ (5,245,085)	\$ 1,441,221	\$ 3,370,610	\$ 3,370,610	\$ 14,684,617	\$ 19,668,653	\$ 24,373,470	\$ 28,681,129	\$ 25,970,524	\$ 25,960,386	\$ 26,049,229
Expenditures	\$ (3,031,685)	\$ 6,630,485	\$ 10,008,562	\$ 10,008,562	\$ 13,666,617	\$ 14,644,241	\$ 16,277,656	\$ 16,854,415	\$ 20,979,703	\$ 20,479,703	\$ 20,479,703
Subtotal	\$ (6,276,736)	\$ (4,639,472)	\$ (6,637,952)	\$ (6,637,952)	\$ (1,017,776)	\$ 5,025,412	\$ 8,145,814	\$ 11,826,714	\$ 4,990,821	\$ 5,480,683	\$ 5,569,526
Fiscal Mitigation Payment	-	-	-	-	-	\$ 1,017,776	\$ 5,025,412	\$ 8,145,814	\$ 4,990,821	\$ 5,480,683	\$ 5,569,526
Net	-	-	-	-	-	-	-	-	-	-	-

August 2016

Land-Secured Tax Exempt Financing

Treasure Island : Financing Plan

August, 2006

TICD**Land Secured Tax Exempt Financing
Assumptions****Community Facilities District Financing**

Tax Rate	1.15%
CFD Assessment	0.65%
Total Tax Rate	1.80%
Bond Interest Rate	6.50%
Coverage Ratio	1.10

Cost of Issuance

Fixed Costs (per issuance)	500,000
Cost of Issuance	2.0%
Capped Interest	6.5%
Capped Interest Period (Months)	12

Tax Increment Financing

Gross Tax Increment	1.0%
County Admin	1.0%
Tier-1 Pass-Through Obligation	20.0%
Tier-2 Pass-Through Obligation	16.8%
Housing Set-aside	20.0%
Agency Admin	0.0%
Interest Rate	6.5%
Risk Premium	0.00%
Term	30
Coverage Ratio	1.15
Issuance Cost & Reserve	10.0%

TICD
Community Facilities District Financing

	Total	2003	2004	2005	2006	2007	2008
Sales Value	5,131,827,334	-	-	-	-	-	-
Annual Payment Capacity	30,324,434	-	-	-	-	-	-
Bond Amount	398,063,635	-	-	-	-	-	-
Insurance Costs & Capped Interest	(37,335,409)	-	-	-	-	-	-
Net Bond Proceeds	360,728,226	-	-	-	-	-	-

TICD
Community Facilities District Financing

	Total	2009	2010	2011	2012	2013	2014
Sales Value	5,131,827,334	-	-	-	626,908,718	641,077,642	948,176,977
Annual Payment Capacity	30,324,434	-	-	-	3,704,461	3,788,186	5,602,864
Bond Amount	398,063,635	-	-	5,070,274	66,556,614	48,627,818	73,547,832
Issuance Costs & Capped Interest	(37,335,409)	-	-	(6,157,312)	(4,633,364)	(4,726,784)	(6,751,566)
Net Bond Proceeds	360,728,226	-	-	60,399,302	43,994,453	45,000,084	66,796,266

TICD
Community Facilities District Financing

	Total	2015	2016	2017	2018	2019	2020
Sales Value	5,131,827,334	670,487,014	685,745,395	701,385,236	-	-	-
Annual Payment Capacity	30,324,434	3,961,969	4,052,132	4,144,549	-	-	-
Bond Amount	398,063,635	52,008,082	53,191,639	54,404,784	-	-	-
Insurance Costs & Capped Interest	(37,335,409)	(4,920,687)	(5,021,289)	(5,124,407)	-	-	-
Net Bond Proceeds	360,728,226	47,087,395	48,170,349	49,280,377	-	-	-

TICD

Community Facilities District Financing

	Total	2021	2022
Sales Value	5,131,827,334	-	-
Annual Payment Capacity	30,324,434	-	-
Bond Amount	398,063,635	-	-
Issuance Costs & Capped Interest	(37,335,409)	-	-
Net Bond Proceeds	360,728,226	-	-

TICD
Tax Increment Financing

	2003	2004	2005	2006	2007	2008
Total						
New AV Added to Tax Rolls	-	-	-	-	-	-
Net Increment	5,206,212,952					
Annual Payment	185,038,534					
Net Tax Increment (After Debt Service)	(160,903,073)					
	24,135,461					
Debt Issuance	348,795,008					
Issuance Costs	(34,879,901)					
Net Tax Allocation Bonds	313,915,107					
Total Tax Increment & Tax Allocation Bonds	338,054,568					

TICD
Tax Increment Financing

	Total	2009	2010	2011	2012	2013	2014
New AV Added to Tax Rolls	5,206,212,932	-	-	-	-	-	867,964,447
Net Increment	185,038,534	-	-	-	-	-	5,120,990
Annual Payment	(160,903,075)	-	-	-	-	-	(4,453,035)
Net Tax Increment (After Debt Service)	24,135,461	-	-	-	-	-	66,955
Debt Issuance	348,799,008	-	-	-	-	-	58,150,741
Insurance Costs	(34,879,901)	-	-	-	-	-	(5,815,074)
Net Tax Allocation Bonds	313,919,107	-	-	-	-	-	52,335,667
Total Tax Increment & Tax Allocation Bonds	338,054,568	-	-	-	-	-	53,003,622

TICD
Tax Increment Financing

	Total	2015	2016	2017	2018	2019	2020
New AV Added to Tax Rolls	5,206,212,932	642,275,474	635,067,578	915,470,582	756,288,405	643,762,291	671,612,669
Net Increment	185,038,534	8,910,416	12,657,314	18,058,591	22,520,692	26,318,890	30,281,405
Annual Payment	(160,903,073)	(7,748,187)	(11,006,560)	(15,703,122)	(19,583,211)	(22,885,991)	(26,331,656)
Net Tax Increment (After Debt Service)	24,135,461	1,162,228	1,650,934	2,355,468	2,937,482	3,432,899	3,949,748
Debt Insurance	348,799,008	43,030,328	42,547,423	61,333,494	50,668,816	43,129,039	44,995,823
Insurance Costs	(34,879,201)	(5,303,053)	(4,254,742)	(6,133,349)	(5,046,882)	(4,312,994)	(4,499,582)
Net Tax Allocation Bonds	313,919,107	38,727,295	38,292,680	55,200,145	45,601,935	38,816,946	40,496,240
Total Tax Increment & Tax Allocation Bonds	338,054,568	39,889,523	39,543,634	57,555,613	48,539,416	40,249,844	44,445,989

TICD
Tax Incremental Financing

	<u>Total</u>	<u>2021</u>	<u>2022</u>
New AV Added to Tax Rolls	5,206,212,932	29,182,346	44,589,140
Net Increment	185,038,534	30,453,580	30,716,656
Annual Payment	(160,903,073)	(26,481,374)	(26,710,156)
Net Tax Increment (After Debt Service)	24,135,461	3,972,206	4,006,520
Debt Issuance	348,799,008	1,955,120	2,987,325
Issuance Costs	(34,879,901)	(195,512)	(298,732)
Net Tax Allocation Bonds	313,919,107	1,759,608	2,688,592
Total Tax Increment & Tax Allocation Bonds	<u>338,054,568</u>	<u>5,731,815</u>	<u>6,695,112</u>

Infrastructure Costs

Treasure Island : Financing Plan

August, 2006

TREASURE ISLAND COMMUNITY DEVELOPMENT
Infrastructure Budget

Infrastructure Begins	2009	2011	2012	2013	2014	2015	2016	2017	
DESCRIPTION	STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5	STAGE 6	STAGE 7	STAGE 8	TOTAL
ENGINEERING & ARCHITECTURE	12,670,304	2,996,249	5,155,724	5,770,688	3,665,899	2,774,710	4,009,469	9,573,128	46,614,272
FEES/BONDS/PERMITS	4,751,978	1,123,594	1,459,287	2,085,007	1,397,970	1,032,058	1,502,297	3,466,469	17,142,679
DEMOLITION	8,628,781	2,919,938	-	1,954,548	2,711,061	-	3,573,004	13,296,445	32,873,737
GRADING	2,996,535	1,115,373	89,365	355,878	714,475	64,257	1,281,537	2,700,821	9,339,441
SHORELINE STABILIZATION	26,670,000	-	-	-	-	-	-	-	26,670,000
GEOTECHNICAL REMEDIATION	16,349,332	553,714	830,571	553,714	830,571	553,714	-	276,887	19,968,473
SEWER SYSTEM	7,118,102	5,694,943	1,248,746	1,254,792	1,215,185	1,296,806	1,972,650	3,416,869	25,600,102
WATER SYSTEM	26,531,523	2,888,869	1,841,262	1,377,411	975,848	879,839	2,414,851	2,413,297	38,533,561
RECLAIMED WATER SYSTEM	2,763,356	2,237,547	778,898	799,199	646,895	687,148	1,618,337	1,433,881	10,908,153
STORM DRAIN SYSTEM	9,680,738	1,011,090	1,011,090	1,534,800	604,205	641,800	3,776,863	4,291,973	27,879,218
STREET IMPROVEMENTS	9,513,145	4,016,020	2,232,260	2,455,252	1,441,656	2,117,802	5,376,645	4,219,206	31,362,385
DRY UTILITIES	9,267,870	2,641,080	1,044,250	1,431,510	998,310	700,250	6,439,540	2,111,820	24,669,030
LANDSCAPE	16,775,318	-	-	8,108,147	4,936,379	9,508,913	8,895,946	31,438,978	98,359,415
WIND TURBINES	1,800,000	-	-	-	-	-	-	-	1,800,000
CENTRAL PLANT	-	-	-	-	4,300,800	-	-	-	4,300,800
WASTEWATER TREATMENT PLANT	-	-	20,237,500	-	-	-	-	-	20,237,500
FERRY SYSTEM	18,991,911	-	10,000,000	-	-	-	-	-	28,991,911
TRANSPORTATION	-	-	5,000,000	-	1,450,000	13,870,000	10,850,000	39,520,000	69,231,000
ENVIRONMENTAL	4,638,800	803,500	2,278,800	764,883	2,560,067	2,055,334	1,752,466	13,913,750	28,680,000
COMMUNITY FACILITIES	-	-	-	-	-	2,653,334	-	6,584,750	9,238,084
SPECIAL AGENCIES	-	-	9,881,249	10,433,590	18,333,240	2,463,850	-	-	41,112,939
CONSTRUCTION MANAGEMENT	6,335,197	1,498,125	2,479,059	2,780,009	1,650,627	1,382,744	2,083,729	4,771,016	22,890,588
CONTINGENCY	34,843,583	8,239,686	13,634,772	15,590,051	9,978,450	7,955,095	11,020,512	25,965,590	125,567,219
Total	\$ 216,980,494	\$ 51,310,772	\$ 85,105,072	\$ 98,425,966	\$ 56,898,650	\$ 46,723,239	\$ 68,627,724	\$ 161,825,994	\$ 786,897,831

Reconciliation with Sources and Uses Table

Less: Ferry System	\$ (26,991,911)
Transportation	\$ (88,538,000)
Environmental	\$ (24,088,000)
Subtotal	\$ 665,185,920

Treasure Island Community Facilities and Amenities

	Community Facilities	Special Amenities	Total
School Renovation	\$ 5,094,669		
Joint Police & Fire Station	\$ 17,688,240		
Day Care	\$ 2,462,050		
Wind Screen and Covered Walk	\$ 2,558,100		
Bus Canopy	\$ 1,166,750		
Bike Parking Structure	\$ 427,630		
Kiosk at Bike Lot	\$ 61,100		
City Side Park Information Center	\$ 573,000		
Warming Hut	\$ 1,509,250		
Sailboarding Improvements	\$ 1,885,000		
Maintenance Office	\$ 367,000		
Open Space Maintenance Facilities	\$ 669,500		
Recycling Center Shed	\$ 1,062,000		
Storage Shed at Maintenance Yard	\$ 1,062,000		
Greenhouse Slabs	\$ 544,000		
Ferry Terminal Roof		\$ 10,534,000	
Subtotal	\$ 37,130,289	\$ 10,534,000	\$ 47,664,289
Building 1 Historic Rehab	\$ 34,442,000		
Neighborhood Community Rooms *	\$ 9,021,240		
Total	\$ 80,593,529	\$ 10,534,000	\$ 91,127,529

* 9 neighborhood community rooms included in neighborhood towers, cost is offset against land value

TREASURE ISLAND and YERBA BUENA ISLAND COST ESTIMATE

Prepared By :CMG Landscape Architecture

Assisted By: Valleycrest, Concept Marine

Stage 1

Transit Plaza	\$1,860,000
Ferry Plaza	\$2,799,550
Building 1 Plaza	\$2,870,554
Neighborhood Plaza	\$318,960
Yerba Buena Island Total	\$5,286,600
Tree Relocation	\$1,008,750
Streetscape	\$2,630,906

SUBTOTAL 1

\$16,775,318

Stage 2

Neighborhood Pocket Parks	\$528,018
Neighborhood Plazas	\$369,971
Tree Relocation	\$336,250
Streetscape	\$3,677,159

SUBTOTAL 2

\$4,901,397

Stage 3

Cityside Park - South	\$2,842,576
Neighborhood Pocket Parks	\$264,540
Neighborhood Plazas	\$633,151
Streetscape	\$2,098,031

SUBTOTAL 3

\$5,838,338

Stage 4

Urban Garden	\$2,850,969
School Park/Rec fields	\$2,245,696
Neighborhood Plazas	\$25,932
Neighborhood Pocket Parks	\$367,575
Streetscape	\$2,577,774

SUBTOTAL 4

\$8,108,147

Stage 5

Ferry Plaza	\$716,736
Marina Plaza, Hotel and Waterfront	\$3,196,475
Neighborhood Plazas	\$69,962
Neighborhood Pocket Parks	\$154,454
Streetscape	\$788,763

SUBTOTAL 5

\$4,926,375

Stage 6

Recreation Park	\$4,809,228
Marina Edge and Pocket Park	\$1,465,368
Neighborhood Pocket Parks	\$557,757
Neighborhood Plazas	\$162,595
Streetscape	\$2,513,945

SUBTOTAL 6

\$9,508,913

Stage 7

Cityside Park - North	\$4,144,192
Neighborhood Pocket Parks	\$745,486
Neighborhood Plazas	\$987,335
Streetscape	\$3,018,934

SUBTOTAL 7

\$8,895,946

Stage 8

Great Park	\$24,504,536
Pier 1 and Plaza	\$4,291,064
Recreation Park	\$1,988,388
Sailing Center	\$550,056
STREETSCAPE	\$104,934

SUBTOTAL 8

\$31,438,978

TOTAL ALL STAGES

\$90,393,417

Transportation Program Costs

Treasure Island : Financing Plan

August, 2006

Treasure Island Transportation Program Capital Costs

	<i>Cost</i>	<i>Qty</i>	<i>Total</i>
Ferry Quay and Terminal	\$ 28,991,911	1.00	\$ 28,991,911
1st Ferry Boat	\$ 12,100,000	1.00	\$ 12,100,000
2nd Ferry Boat (20% of Cost)	\$ 2,420,000	1.00	\$ 2,420,000
AC Transit Bus	\$ 850,000	9.00	\$ 7,650,000
On Island Shuttle	\$ 600,000	4.00	\$ 2,400,000
Bike Library	\$ 100,000	1.00	\$ 100,000
Maintenance Facilities	\$ 850,000	1.00	\$ 850,000
Congestion Pricing Equipment	\$ 5,000,000	1.00	\$ 5,000,000
Parking Spaces Structured	\$ 35,174	1,293.00	\$ 45,480,000
Parking Spaces Surface	\$ 10,000	420.00	\$ 4,200,000
On-Street Parking	\$ 500	640.00	\$ 320,000
Transportation Operating Subsidy	\$ 6,304,000	1.00	\$ 6,304,000
Total Transportation Program Costs		\$	115,815,911

Affordable Housing Costs

Treasure Island : Financing Plan

August, 2006

Exhibit A: TICD Affordable Housing Phasing Summary

ADDED Residential Units ¹	Existing 2007-10	Phase I 2011- 13	Phase II 2014- 16	Phase III 2017-19
TIHDI Permanent		66	44	70
TIHDI Transitional		0	0	70
TIHDI Replacement Units Subtotal	N/A	66	44	140
TIHDI Pads	N/A	80	80	0
New TIHDI Units Total	N/A	146	124	140
Authority For Sale	N/A	82	78	24
Authority Rental	N/A	214	184	56
Total Authority	N/A	306	262	80
Inclusionary For Sale	N/A	275	272	83
Inclusionary Rental	N/A	48	48	16
Total Inclusionary	N/A	323	320	99
Total New Affordable	N/A	775	706	319
CUMULATIVE Residential Units ¹	Existing 2007-10	Phase I 2011- 13	Phase II 2014- 16	Phase III 2017-19
Existing TIHDI Units	250	250	150	0
New TIHDI Sites Total	0	146	270	410
Total All TIHDI Units ²	250	396	420	410
Total Authority	0	306	568	648
Total Inclusionary	0	323	643	742
Total New Affordable	0	775	1481	1800
Total Affordable Units	250	1025	1831	1800
Existing Residential	819	719	219	0
New Residential	0	2601	5117	8000
Total Residential Units	819	3320	5336	8000
Affordable as Percentage of Total Residential Units	31%	31%	31%	30%

¹ These unit totals reflect a tenure split of 70% rental and 30% for-sale for Authority units.

Market rate and inclusionary units are split between 15% rental and 85% for-sale.

² This table shows the scheduled delivery of new housing sites or pads, not the availability of units for occupancy (with the exception of existing TIHDI units). A two year lag should be assumed after pad delivery to allow for the vertical construction and occupancy of units. TIHDI sites will temporarily exceed final totals as replacement units are being built prior to the demolition of existing units.

Fiscal Mitigation Payment

Treasure Island : Financing Plan

August, 2006

Table 1
Summary of Annual Fiscal Impacts
Treasure Island Redevelopment, EPS #1210C

NET FISCAL IMPACT (ABOVE BASELINE)

Description	Fiscal Year Ending										(Buildout)		
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
NET ADDITIONAL REVENUES													
Current TIDA Contribution to GF	(\$5,417,908)	(\$5,417,908)	(\$5,417,908)	(\$5,417,908)	(\$5,417,908)	(\$5,417,908)	(\$5,417,908)	(\$5,417,908)	(\$5,417,908)	(\$5,417,908)	(\$5,417,908)	(\$5,417,908)	(\$5,417,908)
Property Tax	\$0	\$0	\$0	\$0	\$92,407	\$552,704	\$1,388,185	\$2,584,665	\$5,115,939	\$7,281,623	\$8,517,951	\$8,420,951	\$8,420,951
Pass-Through of Tax Increment	\$0	\$0	\$0	\$0	\$35,342	\$233,410	\$1,864,927	\$2,501,130	\$2,937,667	\$3,676,485	\$4,605,193	\$5,398,717	\$5,451,606
Property Tax In-lieu of VLF	\$0	\$0	\$0	\$0	\$79,481	\$1,154,126	\$1,777,783	\$2,513,968	\$3,301,896	\$3,980,792	\$4,579,415	\$4,911,618	\$4,911,618
Sales Tax	\$0	\$0	\$0	\$0	\$0	\$205,246	\$222,260	\$319,314	\$513,530	\$1,093,836	\$1,333,833	\$1,374,034	\$1,341,205
Sales Tax Allocation to Public Safety	\$0	\$0	\$0	\$0	\$0	\$133,410	\$262,820	\$339,314	\$513,530	\$1,093,836	\$1,333,833	\$1,374,034	\$1,341,205
Motor Vehicle License Fee	\$0	\$0	\$0	\$0	\$0	\$133,410	\$262,820	\$339,314	\$513,530	\$1,093,836	\$1,333,833	\$1,374,034	\$1,341,205
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$100,249	\$170,482	\$269,551	\$386,265	\$448,905	\$514,547	\$592,172	\$671,283
Highway Users Tax (Gas Tax)	\$0	\$0	\$0	\$0	\$0	\$5,225,104	\$4,718,816	\$5,225,551	\$5,759,784	\$6,302,785	\$6,933,588	\$7,499,401	\$8,042,065
MUNI	\$0	\$0	\$0	\$0	\$0	\$189,000	\$109,885	\$159,753	\$169,733	\$217,088	\$266,255	\$305,422	\$353,589
Transient Occupancy Tax (2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utility Tax	\$0	\$0	\$0	\$0	\$0	\$14,166	\$33,896	\$23,838	\$119,311	\$273,927	\$273,927	\$273,927	\$273,927
Business License/Payroll Tax	\$0	\$0	\$0	\$0	\$0	\$107,485	\$134,820	\$162,155	\$456,279	\$778,544	\$905,879	\$1,085,727	\$1,085,727
Franchise Fees	\$0	\$0	\$0	\$0	\$0	\$26,493	\$48,003	\$69,513	\$104,783	\$130,253	\$147,783	\$169,273	\$157,223
TOTAL ADDITIONAL REVENUES	(\$5,417,908)	(\$5,417,908)	(\$5,417,908)	(\$5,243,085)	\$1,421,221	\$3,370,610	\$7,873,046	\$14,684,241	\$19,668,663	\$24,373,473	\$28,651,129	\$25,870,524	\$25,960,386
NET ADDITIONAL EXPENDITURES													
Fire Protection	\$0	\$0	\$0	\$0	\$0	\$2,279,416	\$2,279,416	\$2,279,416	\$2,279,416	\$2,279,416	\$2,279,416	\$2,279,416	\$2,279,416
Police Services	\$0	\$0	\$0	\$0	\$852,732	\$1,257,524	\$1,662,315	\$2,181,774	\$2,642,530	\$2,957,204	\$3,121,858	\$3,157,436	\$3,157,436
911 and Health Services	\$0	\$0	\$0	\$0	\$86,847	\$187,851	\$278,855	\$374,387	\$464,772	\$548,618	\$619,037	\$619,037	\$619,037
MUNI	\$0	\$0	\$0	\$0	\$3,243,000	\$3,243,000	\$3,243,000	\$3,243,000	\$3,243,000	\$3,243,000	\$3,243,000	\$3,243,000	\$3,243,000
TIDA Administration	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Community Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Parks and Open Space	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DPM (est'd road maintenance)	\$0	\$0	\$0	\$0	\$31,651	\$342,514	\$394,513	\$454,600	\$545,600	\$645,600	\$745,600	\$845,600	\$845,600
TOTAL ADDITIONAL EXPENDITURES	\$1,000,000	\$1,000,000	\$1,000,000	\$1,031,651	\$6,000,694	\$8,907,903	\$10,008,562	\$13,666,842	\$14,643,241	\$16,227,656	\$16,854,815	\$20,979,703	\$20,479,703
NET SURPLUS (SHORTFALL)													
MSD Payment	\$37,840,742	\$37,840,742	\$37,840,742	\$37,840,742	\$37,840,742	\$37,840,742	\$37,840,742	\$37,840,742	\$37,840,742	\$37,840,742	\$37,840,742	\$37,840,742	\$37,840,742
NET AFTER MSD PAYMENT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(1) Generated from outside of the redevelopment area.
 (2) Assumes in-lieu payment is changed to fractional ownership lodging.

Table 2
Summary of Annual Fiscal Impacts
Treasure Island Redevelopment, EPS #1210C

BASELINE (NO DEVELOPMENT)

Description	Fiscal Year Ending										(Buildout)		
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES													
Current TIDA Contribution to GF	\$5,417,908	\$5,417,908	\$5,417,908	\$5,417,908	\$5,417,908	\$5,417,908	\$5,417,908	\$5,417,908	\$5,417,908	\$5,417,908	\$5,417,908	\$5,417,908	\$5,417,908
Possessory Interest/Property Tax (1)	\$148,000	\$148,000	\$148,000	\$148,000	\$148,000	\$148,000	\$148,000	\$148,000	\$148,000	\$148,000	\$148,000	\$148,000	\$148,000
Pass-Through of Tax Increment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax in-lieu of VLF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Sales Tax Allocation to Public Safety	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000
Motor Vehicle License Fee	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Highway Users Tax (Gas Tax)	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
MUNI	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Transient Occupancy Tax (2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utility Tax	\$4,329	\$4,329	\$4,329	\$4,329	\$4,329	\$4,329	\$4,329	\$4,329	\$4,329	\$4,329	\$4,329	\$4,329	\$4,329
Business License/Payroll Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Franchise Fees	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000
Existing GF Contribution	\$3,943,443	\$3,943,443	\$3,943,443	\$3,943,443	\$3,943,443	\$3,943,443	\$3,943,443	\$3,943,443	\$3,943,443	\$3,943,443	\$3,943,443	\$3,943,443	\$3,943,443
Subtotal	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680
EXPENDITURES													
Fire Protection	\$6,078,410	\$6,078,410	\$6,078,410	\$6,078,410	\$6,078,410	\$6,078,410	\$6,078,410	\$6,078,410	\$6,078,410	\$6,078,410	\$6,078,410	\$6,078,410	\$6,078,410
Police Services	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000
MUNI	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
TIDA Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DPW (est'd road maint.)	\$377,908	\$377,908	\$377,908	\$377,908	\$377,908	\$377,908	\$377,908	\$377,908	\$377,908	\$377,908	\$377,908	\$377,908	\$377,908
Subtotal	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680	\$10,084,680
TOTAL SURPLUS (SHORTFALL)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(1) Generated from outside of the redevelopment area.													

(1) Generated from outside of the redevelopment area.

Table T2
Other Fiscal Revenues
Treasure Island Redevelopment, EPS #12100 (6,000 Units)

Description	Fiscal Year Ending										(Buildout)	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transient Occupancy Tax (Non-GF)	\$0	\$0	\$0	\$0	\$0	\$0	\$1,032,193	\$2,057,041	\$2,057,041	\$2,057,041	\$2,057,041	\$2,057,041
Sales Tax Realignment (Health and Welfare)	\$258,558	\$258,558	\$258,558	\$258,558	\$600,865	\$889,509	\$1,178,352	\$1,508,466	\$1,791,666	\$2,015,252	\$2,116,438	\$2,116,438
VLF Realignment (Health and Welfare)	\$195,215	\$195,215	\$195,215	\$195,215	\$453,511	\$671,591	\$869,672	\$1,138,913	\$1,352,732	\$1,521,543	\$1,597,940	\$1,597,940
Sales Tax Allocation to Transportation	\$30,000	\$30,000	\$30,000	\$30,000	\$153,148	\$187,368	\$221,588	\$398,118	\$866,182	\$710,500	\$654,620	\$634,723
Total Other Revenue	\$483,773	\$483,773	\$483,773	\$483,773	\$1,207,324	\$1,748,468	\$3,321,805	\$5,102,538	\$5,887,621	\$6,304,336	\$6,626,040	\$6,606,248

Development Schedule T3
Treasure Island Redevelopment, EPS #12100

(6,000 Units)

Item	Total at Buildout	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Annual Increment														
Commercial														
T.I./YBI Full Service/Timeshar	370 rms	0	0	0	0	0	0	0	0	300	70	0	0	0
YBI Conference Center	50 rms	0	0	0	0	0	0	0	0	50	0	0	0	0
Retail/Commercial	282,700 sqft	0	0	0	0	45,000	0	0	45,000	131,700	0	61,000	0	0
Building 1 (office portion)	0 sqft	0	0	0	0	0	0	0	0	0	0	0	0	0
Hangers	240,766 sqft	0	0	0	0	0	0	0	0	0	0	0	240,766	0
New Residential														
Total Residential For-Sale	3,575 units	0	0	0	0	604	476	476	563	476	476	476	476	0
Inductionary For-Sale	625 units	0	0	0	0	109	86	86	86	86	86	86	86	0
Residential Rental	631 units	0	0	0	0	90	90	90	90	90	90	90	90	0
THD/Agency Affordable Resi	1,058 units	0	0	0	0	16	16	16	16	16	16	16	16	0
Subtotal	6,000 units	0	0	0	0	970	619	619	936	619	619	619	619	0
Existing Residential														
THD/Existing Market Rate Housing	483	483	483	483	483	483	483	483	483	483	483	483	483	0
THD/Existing Affordable Housing	250	250	250	250	250	250	250	250	250	234	159	159	159	0
Subtotal	733	733	733	733	733	733	733	733	733	717	532	532	532	0
New Residential Units Not in Redevelopment Area	1,473 units YES	0	0	0	0	0	187	0	425	425	425	425	0	0
Cumulative Total														
Commercial														
T.I./YBI Full Service/Timeshar	370 rms	0	0	0	0	0	0	0	0	300	370	370	370	370
YBI Conference Center	50 rms	0	0	0	0	0	0	0	0	50	50	50	50	50
Retail/Commercial	282,700 sqft	0	0	0	0	45,000	45,000	45,000	90,000	221,700	221,700	282,700	282,700	282,700
Building 1 (office portion)	0 sqft	0	0	0	0	0	0	0	0	0	0	0	0	0
Hangers	240,766 sqft	0	0	0	0	0	0	0	0	0	0	0	0	0
Paid Public Parking Space	1,598 sp	0	0	145	291	436	581	726	872	1,017	1,162	1,307	1,453	1,598
New Residential														
TI Residential For-Sale	3,575 units	0	0	0	0	604	1,080	1,555	2,148	2,824	3,099	3,575	3,575	3,575
Inductionary For-Sale	625 units	0	0	0	0	109	195	281	367	453	539	625	625	625
TI Residential Rental	631 units	0	0	0	0	90	180	270	360	451	541	631	631	631
Inductionary Rental	111 units	0	0	0	0	16	32	48	64	80	95	111	111	111
THD/Agency Affordable Resi	1,058 units	0	0	0	0	151	302	453	605	756	907	1,058	1,058	1,058
Subtotal	6,000 units	0	0	0	0	970	1,789	2,608	3,543	4,362	5,161	6,000	6,000	6,000
Existing Residential														
THD/Existing Market Rate Housing	483	483	483	483	483	483	483	483	483	483	483	483	483	0
THD/Existing Affordable Housing	250	250	250	250	250	250	250	250	250	234	159	159	159	0
Subtotal	733	733	733	733	733	733	733	733	733	717	532	532	532	0
Total Residential Units	6,000 units	733	733	733	733	1,703	2,522	3,341	4,276	5,079	5,713	6,332	6,000	6,000
Demographic														
Residents	13,500 2.25	1,649	1,649	1,649	1,649	3,331	5,674	7,516	9,622	11,478	12,855	13,500	13,500	13,500
Hotel & Conference Guests	2.0	0	0	0	0	0	0	0	42	42	42	42	42	42
New Jobs	2,166 perm	0	0	0	0	215	289	324	911	1,555	1,890	1,890	1,890	1,890

Table A-1
TI/YBI Fiscal Analysis; Annual Revenue Assumptions
Treasure Island Redevelopment, EPS #12100

(6,000 Units)

Item	Assumption	Source
<u>Possessory Interest/Property Tax</u>		
Avg. Sale Value/Unit (Rental/For-Sale)	\$358,000 / \$1,050,000	TICD (06/06)
Existing Units' Property Tax (1%)	\$38 per month per unit	John Stewart Company (Oct 2005)
Tax Rate	1.00%	CCSF
Share of Tax to City		
out of Redevelopment Area	57.0%	CCSF
in Redevelopment Area (pass-through)	11.4%	CCSF
<u>Sales Tax</u>		
Retail		
Sq. Ft.	282,700	TICD (02/06)
Taxable Sales/sq. ft..	\$300	EPS Estimate
Tax Rate	1.0%	CCSF Controller's Office (2005-06)
Taxable Sales/Occupied Hotel Room	370	
Taxable Sales/occupied room	\$30,648	EPS Estimate
		EPS Estimate
Household Taxable Spending	\$35,000	EPS Estimate
Capture Rate in CCSF	25.0%	EPS Estimate
<u>Motor Vehicle License Fee</u>		
Population (at Buildout)	13,500	
Amount per capita	\$46	CCSF Controller's Office (2005-06)
<u>VLF Allocation to Health and Welfare</u>		
Population (at Buildout)	13,500	
Amount per capita	\$118	CCSF Controller's Office (2005-06)
<u>Property Tax in-lieu of VLF</u>		
Base Property Tax in-lieu of VLF	\$102,520,441	CA State Controller's Office
<u>Property Transfer Tax</u>		
Avg. Sale Value/Unit (Rental/For-Sale)	\$358,000 / \$1,050,000	
Tax Rate	0.68% of sale price	
Turnover after buildout	10.00%	CCSF
		EPS Estimate
<u>Highway Users Tax</u>		
Population (at Buildout)	13,500	
Amount per capita	\$27.23	
<u>Transient Occupancy Tax</u>		
Hotel Rooms	420	
Avg. Rate (T.I. Full Service)	\$215	TICD (02/06)
Occupancy (T.I. Full Service)	73%	EPS based on PKF Consulting
Avg. Rate (T.I. Timeshare)	\$400	EPS based on PKF Consulting
Occupancy (T.I. Timeshare)	100%	EPS based on PKF Consulting
Avg. Rate (YBI Hotel)	\$500	EPS based on PKF Consulting
Occupancy (YBI Hotel)	75%	EPS based on PKF Consulting
Tax Rate	14%	EPS based on PKF Consulting
Tax Share to General Fund	57%	CCSF
Tax Share to Others	43%	CCSF Controller's Office (2005-06)
<u>Utility Tax</u>		
Commercial sq. ft. (Retail, Office, Hangers)	523,466	
Annual Avg. utilities/sq. ft.	\$2.50	EPS Estimate
Annual Avg. utilities/hotel room	\$2,500	EPS Estimate
Cell Phone Bills per Resident	\$35	
Tax Rate	7.5%	CCSF
<u>Business License/Payroll Tax</u>		
Employees	2,168	EPS Estimate
Avg. Tax/employee	\$501	CCSF Controller's Office (2005-06)

Table A-2
 TI/YBI Fiscal Analysis; Annual Operating Cost Assumptions
 Treasure Island Redevelopment, EPS #12100 (6,000 Units)

Item	Assumption	Source	Comments
Public Works			
Maintenance			
Arterials	848,300 sq. ft. / \$0.61 per sq. ft.	CCSF DPW (08/06)	10% increase from the original
Connectors/Neighborhood	2,089,900 sq. ft. / \$0.33 per sq. ft.	CCSF DPW (08/06)	cost estimates obtained from CCSF
Reconstruction			DPW in 06/05; road square footage
Arterials	848,300 sq. ft. / \$2.59 per sq. ft.	CCSF DPW (08/06)	obtained from Korve Engineering
Connectors/Neighborhood	2,089,900 sq. ft. / \$2.15 per sq. ft.	CCSF DPW (08/06)	
Equivalent Annual Costs	377,908.0	EPS Estimate	inc. maint., sweeping (offset by citations)
Fire Department			
Stations	1		
Cost (staff, overhead)	\$8.4 mill.	CCSF	Staffing, annual equipment costs, and maintenance; staffing and cost increases phased in prior to occupancy of first units.
Police Services			
Officers	33	EPS estimate (3 units)	30% above City avg. per cap
Total Cost			Officers & costs could be higher, depending on service demands; 10% inflationary increase from the original cost estimates obtained from CCSF in 2004
Phasing	\$5.8 mill.	Based on CCSF costs	\$2.5 mill. in Phase I and increase to \$5.8 mill. at buildout based on daytime population growth
MUNI			
Total Cost	\$6.2 mill.	Korve Engineering (08/06)	
Open Space Maintenance			
Total Cost (at buildout)	\$8.2 mill.	CMG (Feb 2006)	
Public Health			
Total Cost (at buildout)	415,242	Mayors Office (01/06)	
Emergency Communications (911)			
Total Cost (at buildout)	\$232,157		
Per Capita Cost	\$17.20	CCSF Controller's Office (201	

Table A-3
Fire Operating Costs in Treasure Island
Treasure Island Redevelopment

Positions	Daily Seats	Shift 3.44	Relief 1.24	Total
H2	10.00	-	-	-
H3	2.00	-	-	-
H20	-	-	-	-
H30	3.00	-	-	-
	15.00	3.44	0.83	-

Positions	FTE	Salary	Total Cost	
H2	42.66	85,853	3,662,160	29.86
H3	8.53	99,179	846,116	
H20	-	99,750	-	
H30	12.80	113,864	1,457,095	
Subt Salary	63.98		5,965,371	

Overtime (100 WDOs/year, \$1,219 each) 121,900

Premium Pay Straight (14%) 835,152

Premium Pay OT (7%) 8,533

Mandatory Fringe 1,216,869

Total Labor 8,147,826

Medicare 1.45%
 Unemploy 0.30%
 Retirement 6.42%
 Total % 8.17%

Health 4,692
 Dep health 4,174
 Dental 1,434
 Total Fixed 10,299

Non Labor 210,000

Equipment Replacement 147,500

Maintenance 62,500

Total Costs 8,357,826

Source: Julia Dawson Chief Financial Officer San Francisco Fire Department
 Positions revised based on SFFD fax 5/15/06 from G. Massetani (excluding
 YBI station and staffing).

Table A-4
Police Operating Costs in Treasure Island
Treasure Island Redevelopment, EPS #12100

Item	Salary	Variable (1)	Fixed	Total	Adjusted (1)
Personnel Costs					
1 Lieutenant (Q62)	\$106,880	\$11,650	\$6,175	\$124,705	\$137,175
4 Sergeants (Q52)	\$374,380	\$40,807	\$24,700	\$439,887	\$483,876
32 Officers (Q4)	\$2,580,768	\$281,304	\$197,600	\$3,059,672	\$3,365,639
3 Bldg and Grounds Patrol Officers (8202)	\$146,187	\$31,284	\$18,525	\$195,996	\$215,596
Total Personnel Costs	\$3,208,215	\$365,045	\$247,000	\$3,820,260	\$4,202,286
Other Planned Operating Costs					
Maintenance (Janitorial Service - Bldg #1)				\$30,252	\$33,277
Vehicle Maintenance (14 vehicles)				\$16,188	\$17,807
Vehicle Fuel (14 vehicles)				\$25,296	\$27,826
Materials & Supplies (\$700/mo)				\$8,400	\$9,240
Workers Comp (\$5134/staff)				\$205,350	\$225,885
Training (\$109/staff)				\$4,366	\$4,803
Overhead (29.42% of personnel costs)				\$1,123,921	\$1,236,313
Total Other Planned Operating Costs				\$1,413,773	\$1,555,150
Total Operating Costs				\$5,234,033	\$5,757,436

(1) Inflated @ 10 percent to adjust operating costs.

Table A-5
Road Maintenance - Annual Equivalent Costs Calculation
Treasure Island Redevelopment, EPS #12100

Assumption		Total	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Maintenance														
Arterials	So ft.													
Collectors/Neighborhood	848,300	\$0.51										513,222		
Total Cost (2009 to 2176)	2,069,900	\$0.33												
NPV		5%	\$27,666,436	0	0	0	0	0	0	0	0	513,222	0	0
Equivalent Annual Costs		6.8%	156,406	156,406	156,406	156,406	156,406	156,406	156,406	156,406	156,406	156,406	156,406	156,406
Cumulative Balance (inflated @ 1%)		1.00%	156,406	314,375	473,925	635,069	797,826	962,208	1,128,237	1,295,925	1,465,290	1,631,127	1,800,764	1,960,077
Reconstruction														
Arterials	per so ft.													
Collectors/Neighborhood	848,300	\$2.59												
Total Cost (2009 to 2176)	2,069,900	\$2.15	\$42,247,002	0	0	0	0	0	0	0	0	0	0	0
NPV		5%	\$2,519,964	221,502	221,502	221,502	221,502	221,502	221,502	221,502	221,502	221,502	221,502	221,502
Equivalent Annual Costs		8.8%	\$221,502	221,502	221,502	221,502	221,502	221,502	221,502	221,502	221,502	221,502	221,502	221,502
Cumulative Balance (inflated @ 1%)		1%	221,502	446,220	671,175	899,385	1,128,885	1,362,887	1,597,616	1,835,286	2,075,152	2,317,406	2,562,062	2,809,206
Total Annual Amortized Payment			377,908	377,908	377,908	377,908	377,908	377,908	377,908	377,908	377,908	377,908	377,908	377,908

Table A-6
Operating and Maintenance Cost Summary
Treasure Island Redevelopment, EPS #12100

Item	2012	2013	2014	2015	2016	2017	2018	2019	2020
Plazas									
Neighborhood Block Public Parks and Plaza	\$ 4,332,249	\$ 16,683	\$ 180,535	\$ 207,943	\$ 358,091	\$ 1,784,031	\$ 1,850,039	\$ 2,306,441	\$ 2,343,383
Property Management	\$ 379,825	\$ 1,463	\$ 15,828	\$ 18,231	\$ 31,395	\$ 157,290	\$ 162,200	\$ 202,215	\$ 205,453
Yerba Buena Island	\$ 453,767	\$ 1,747	\$ 18,910	\$ 21,780	\$ 37,507	\$ 187,910	\$ 193,776	\$ 241,580	\$ 245,450
Allowances	\$ 1,223,580	\$ 4,712	\$ 50,980	\$ 58,730	\$ 101,138	\$ 506,698	\$ 522,516	\$ 651,420	\$ 661,854
	\$ 241,880	\$ 931	\$ 10,080	\$ 11,610	\$ 19,993	\$ 100,165	\$ 103,292	\$ 128,774	\$ 130,837
TOTAL Open Space O&M	\$ 6,631,301	\$ 25,537	\$ 276,342	\$ 318,295	\$ 548,124	\$ 2,746,094	\$ 2,831,823	\$ 3,550,431	\$ 3,586,976
Landscaping Maintenance	\$ 552,318	\$ 2,127	\$ 23,016	\$ 26,511	\$ 45,653	\$ 228,721	\$ 235,861	\$ 284,048	\$ 288,757
Property Maintenance	\$ 1,035,596	\$ 3,988	\$ 43,156	\$ 49,707	\$ 85,599	\$ 428,851	\$ 442,240	\$ 551,340	\$ 590,170
TOTAL Streetscape O&M	\$ 1,587,914	\$ 6,115	\$ 66,172	\$ 76,218	\$ 131,252	\$ 657,572	\$ 678,101	\$ 845,388	\$ 858,928
TOTAL	\$ 8,219,214	\$ 31,651	\$ 342,514	\$ 394,513	\$ 679,377	\$ 3,403,666	\$ 3,509,924	\$ 4,475,819	\$ 4,445,904
									\$ 8,219,214

Table A-7
Public Health Cost Calculation
Treasure Island Redevelopment, EPS #12100

Item

Total number of units	6,000
# affordable units	1,003 ¹
Person per unit	2.3
Population seeking DPH services	2306 ²

DPH

Analysis of ER and Inpatient Admissions

Expected # ER visits annual	692 ³
% increase in people to ER	0.9% ⁴
Inpatient cost per visit	\$565 ⁵
Annual cost of ER visits	\$390,890

# of patients admitted annually	97 ⁶
Cost per day of inpatient	3000 ⁵
Average length of stay(days)	5.8 ⁷
Annual admission cost	\$1,685,322

Total cost ER+Inpatient Admissions	\$2,076,212
Non-GF Reimbursements	\$1,660,969 ⁸
Remaining General Fund Cost	\$415,242

(1) Units that will be sold or rented to individuals who earn less than the Area Median Income.

(2) Uses 2.3 residents per unit assumption

(3) According to the California Health Care Foundation (CHF), average # of ER visits per person is .3/yea

(4) According to DPH, current annual visits is 60,000

(5) According to Gregg Sass, DPH

(6) According to the CHF, 14% of ED visits result in admissions.

(7) According to OSHPD (state regulatory agency for acute care hospitals)

(8) On average, SFGH generates \$4 in reimbursements for every \$5 spent per patient visit

Table A-8
Transient Occupancy Tax Revenue Potential
Treasure Island Redevelopment, EPS #12/00

(6,000 Units)

Source	Annual/Unit (2006 \$)	Fiscal Year Ending					Fiscal Year Ending					
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2020
Absorption Schedule												
T.I. Full Service Hotel(s) (1)												
T.I. Timeshare (2)												
YBI Hotel									70			
YBI Conference Center									50			
Effective Room Revenue												
T.I. Full Service Hotel(s) (1)	\$57,287	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,186,025	\$17,186,025	\$17,186,025	\$17,186,025
T.I. Timeshare (2)	\$146,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,220,000	\$10,220,000	\$10,220,000	\$10,220,000
YBI Hotel	\$136,875	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,643,150	\$6,643,150	\$6,643,150	\$6,643,150
YBI Conference Center	\$33,215	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,249,775	\$34,249,775	\$34,249,775	\$34,249,775
Transient Occupancy Tax	14%											
T.I. Full Service Hotel(s) (1)	\$8,020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,373,851	\$1,373,851	\$1,373,851	\$1,373,851
T.I. Timeshare (2)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$816,987	\$816,987	\$816,987	\$816,987
YBI Hotel		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$547,089	\$547,089	\$547,089	\$547,089
YBI Conference Center	\$4,650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,737,927	\$2,737,927	\$2,737,927	\$2,737,927

(1) Assumes 200 rooms in 2013 and 100 rooms in 2015.

(2) Assume a room rate of \$400 per night for the purpose of TOT in-lieu calculation

Sources: Economic & Planning Systems, Inc.

Table A-9
Community Center Operating Costs
Treasure Island Redevelopment, EPS #12100

Item	Salary ¹	Staff	Total
Personnel Costs			
5 Recreation Director Level (includes fringe	\$67,000	5	\$335,000
Other Operating Costs			
Materials and Supplies (consumables)	Allowance		\$25,000
Overhead (utilities, workers comp., phone, internet, copier, etc.)	20% of above costs		\$72,000
Maintenance (building and operating)	\$4.00 /sq.ft./year		\$40,000
Contingency	5% of above costs		\$23,600
Repair and Relocation of Furnishings and	10% of initial capital		<u>\$50,000</u>
Total Other Operating Costs			\$210,600
Total Operating Costs			\$545,600
Furnishings and Fixtures Initial Capital²	\$50.00 /sq.ft.		\$500,000

¹ Includes benefits

² Assumes total facility area of 17,000 square feet.

Historic Rehab Costs

Treasure Island : Financing Plan

August, 2006

TREASURE ISLAND

Historical Buildings Land Residual Analysis : Building One

Development Program

Building Gross Square Footage	131,000
Parking area	40,000

Adjusted for inflation

Direct Cost

	<u>Cost</u>	<u>Per GSF</u>
Cost of Construction	\$ 25,538,625	\$ 194.95
Acquisition Costs	\$ 130,000	\$ 0.99
Total Direct Cost	\$ 25,668,625	\$ 195.94

Indirects

Entitlements	\$ 499,387	\$ 3.81
Architects & Engineers	\$ 1,452,856	\$ 11.09
Tenant Improvements and Leasing Commissions	\$ -	\$ -
Marketing Expenses	\$ 79,568	\$ 0.61
Legal	\$ 207,545	\$ 1.58
Insurance & Warranties	\$ 202,395	\$ 1.55
Total Indirects	\$ 2,441,751	\$ 18.64

Cost of Funds

Operating Expenses	\$ -	\$ -
Taxes	\$ -	\$ -
Financing Costs & Fees	\$ -	\$ -
Total Cost of Funds	\$ -	\$ -
 Contingency (18.0%)	 \$ 5,020,119	 \$ 38.32
 Development Fee	 \$ 1,312,160	 \$ 10.02
Total Development Costs	\$ 34,442,855	\$ 262.92
 Loss on Sale and Operation of Asset	 \$ -	 \$ -
 Developer Subsidy	 \$ (34,442,855)	 \$ (262.92)
 Net Cost	 \$ -	 \$ -

TREASURE ISLAND - HISTORIC RETAIL - Building One
Venture Summary

Project Valuation

Total Acquire (Approx.)	\$ PSE	Total	n/a
Land Purchase Price	\$ 0.00	130,000	-
Closing Costs	\$ 0.00	130,000	-
Gross Land Cost	\$ 194.95	25,538,625	-
Total Hard Costs	\$ 66.99	8,771,020	-
Financing Costs	-	-	-
Total Project Costs before Subsidy	\$ 265.92	34,442,655	-
Plus: Loss on Sale and Operation of Asset	-	-	-
Less: Land Subsidy From Horizontal Developer	\$ (265.92)	(34,442,655)	-
Total Project Costs	\$ -	-	-
Less: Construction Loan	\$ -	-	-
Required Equity	\$ -	-	-

Development Program

	SF	Gross Rent	T	Leasing Comm.
Offices	0	\$ -	\$ -	-
Misc Tenant	0	\$ -	\$ -	-
Total Commercial RSF	0	\$ -	\$ -	-
Total Gross Building SF	131,000			

Sources and Uses

Source	% of Total	PSE	Total
Partner 1 Equity	0.0%	0.00	0
Partner 2 Equity	-	-	-
Land Subsidy from Horizontal Developer	100.0%	265.92	34,442,655
Construction Loan	-	-	-
Total Sources	100.0%	265.92	34,442,655
Use			
Acquisition Costs	0.6%	0.99	130,000
Settlements	1.4%	3.51	499,387
Architects & Engineers	4.2%	11.09	1,492,866
Cost of Construction	74.1%	194.95	25,538,625
Tenant Improvements and Leasing Commission	-	-	-
Marketing Expenses	0.2%	0.61	79,568
Legal	0.6%	1.58	207,545
Insurance & Warranties	0.6%	1.55	202,395
Operating Expenses	-	-	-
Taxes	-	-	-
Contingency (18.0%)	14.6%	38.32	5,020,119
Development Fee	3.9%	10.02	1,312,160
Debt Costs	-	-	-
Loss on Sale and Operation of Asset	-	-	-
Total Uses	100.0%	265.92	34,442,655

Retail Subsidy

Treasure Island : Financing Plan

August, 2006

TREASURE ISLAND
Retail Land Residual Analysis

Description	Neighborhood Gross \$	Neighborhood \$ PSF
<u>Development Program</u>		
Net Square Footage	45,000	45,000
Net/Gross Efficiency	100%	100%
Average Gross Square Footage	45,000	45,000
2006 Base Year Net Rent per SF	25.47	25.47
2006 Base Year TI Allowance per SF	18.56	18.56

Adjusted for inflation

<u>Revenues</u>		
Stabilized NOI	1,192,659	26.50
Cap Rate	<u>7.75%</u>	<u>7.75%</u>
Sale Price	15,389,150	341.98
Sales Commissions & Closing Costs	<u>4.75%</u>	<u>4.75%</u>
Finished Price	14,658,165	325.74

<u>Directs</u>		
Cost of Construction	10,023,044	222.73
Acquisition Costs	<u>95,000</u>	<u>2.11</u>
Total Directs	10,118,044	224.85

<u>Indirects</u>		
Entitlements	268,820	5.97
Architects & Engineers	846,097	18.80
Tenant Improvements and Leasing Commissions	1,288,161	28.63
Marketing Expenses	79,568	1.77
Legal	154,500	3.43
Insurance & Warranties	<u>69,525</u>	<u>1.55</u>
Total Indirects	2,706,670	60.15

<u>Cost of Funds</u>		
Operating Expenses	625,366	13.90
Taxes	45,739	1.02
Financing Costs & Fees	<u>1,370,576</u>	<u>30.46</u>
Total Cost of Funds	2,041,681	45.37

Contingency (10.0%)	1,347,087	29.94
Development Fee	585,387	13.01
Total Development Costs	16,798,868	373.31
Excluding Developer Subsidy		
Developer Subsidy	(3,545,485)	(78.79)
Net Cost	13,253,383	294.52

TREASURE ISLAND - RETAIL PHASE 1 (Neighborhood Plaza)

Venture Summary

Development Program

SF	NNN Rent	TI	Leasing Comm. (F)
Grocery Store	20,000 \$	24.00 \$	20.00 \$
Drug Store	5,000	33.00	10.00
Other Specialty Food	5,000	21.00	20.00
Video	2,500	33.00	20.00
Bank	1,500	33.00	10.00
Small Shops	11,000	24.00	20.00
Total Gross SF	43,000	25.47 \$	19.56 \$
Net/Gross Efficiency	102%		6.43
Total Net SF	43,000		
Base Year	2006		
Vacancy Factor	5%		
Rental Growth Rate	3.00%		

(1) Assumes a leading commission rate of 33% of first year's rent for 10 year Terms

and 24% for 5 year Terms

Sources and Uses

	% of Total	PSE	Total
SOURCE			
Partner 1 Equity	23.8%	69.95	3,147,678
Partner 2 Equity	1.3%	3.68	165,667
Construction Loan	75.0%	220.89	9,940,032
Total Sources		294.52	13,253,383
USE			
Land Subsidy From Horizontal Develop	(0)	(76.68)	(3,450,455)
Entitlements	2.0%	5.97	268,820
Architects & Engineers	6.4%	18.80	846,977
Cost of Construction	75.6%	222.73	10,023,044
Tenant Improvements and Leasing Con	9.7%	28.63	1,283,161
Marketing Expenses	0.6%	1.77	79,568
Legal	1.2%	3.43	154,500
Insurance & Warranties	0.5%	1.55	69,525
Operating Expenses	4.7%	13.90	625,366
Taxes	0.3%	1.02	45,799
Contingency (10.0%)	10.2%	29.94	1,347,087
Development Fee	4.4%	13.01	588,387
Debt Costs	10.3%	30.46	1,370,576
Total Uses		294.52	13,253,383

Comparable Market Value of Land

	\$	PSE	Total
Land Purchase Price		(76.79)	(3,546,485)
Sustainable upgrades		4.86	218,531
Disincentivized Business Participation		5.73	257,063
Comparable Land Value		(66.22)	(2,889,891)

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Construction Loan Financing

Total Costs	13,253,383	75.0%
Loan-to-Cost	9,940,037	
Loan Amount	14,638,165	67.8%
Net Sales Proceeds		
Loan-to-Value		
Loan Fees & Costs	149,101	1.50%
Required Equity	3,313,346	
Required Paydown Acceleration		100.0%
Spread to LIBOR		2.50%
Interest Rate Year		Base Rate
2006		3.00%
2007		5.00%
2008		7.50%
2009		5.00%

Development Timing & Sale Assumptions

Construction	1/1/06
Land PSA Date	1/1/07
Land Closing Date	12 mos
Pre-Construction Period	1/1/07
Construction Start	18 mos
Construction Timeline	6/30/08
Completion Date	2006
Base Year	3.00%
Annual Cost Inflation	
Leasing & Sales Timing Assumptions	
Lease Commencement Date	7/1/08
Months of Free Rent	12 mos
Rent Commencement Date	7/1/09
Sale Date	1/1/10
NOI	1,172,659
Free Simple Capitalization Rate	6.50%
Premium for Leasehold Interest	1.25%
Capitalization Rate	2.25%
Sale Price	15,389,150
Sales Price PSE	341.58
Sales Commissions	2.75%
Closing Costs	2.00%

TREASURE ISLAND
Retail Land Residual Analysis

Description	Entertainment Gross \$	Entertainment Plaza
<u>Development Program</u>		
Net Square Footage	61,000	61,000
Net/Gross Efficiency	100%	100%
Average Gross Square Footage	61,000	61,000
2006 Base Year Net Rent per SF	29.88	29.88
2006 Base Year TI Allowance per SF	36.93	36.93
<i>Adjusted for Inflation</i>		
<u>Revenues</u>		
Stabilized NOI	1,848,831	30.31
Cap Rate	<u>7.75%</u>	<u>7.75%</u>
Salese Price	23,855,886	391.08
Sales Commissions & Closing Costs	<u>4.75%</u>	<u>4.75%</u>
Finished Price	22,722,731	372.50
<u>Directs</u>		
Cost of Construction	13,648,325	223.74
Acquisition Costs	<u>40,000</u>	<u>0.66</u>
Total Directs	13,688,325	224.40
<u>Indirects</u>		
Entitlements	178,100	2.92
Architects & Engineers	1,139,821	18.69
Tenant Improvements and Leasing Commissions	3,025,581	49.60
Marketing Expenses	79,568	1.30
Legal	154,500	2.53
Insurance & Warranties	<u>94,245</u>	<u>1.55</u>
Total Indirects	4,671,814	76.59
<u>Cost of Funds</u>		
Operating Expenses	418,340	6.86
Taxes	90,601	1.49
Financing Costs & Fees	<u>1,718,145</u>	<u>28.17</u>
Total Cost of Funds	2,227,086	36.51
Contingency (10.0%)	1,886,632	30.93
Development Fee	821,344	13.46
Total Development Costs Excluding Developer Subsidy	23,295,200	381.89
Developer Subsidy	(2,301,307)	(37.73)
Net Cost	20,993,894	344.16

Development Program

	SP	NNN Rent	TI	Leasing Comm. (1)
Marine Hardware	10,000	\$ 33,000	\$ 10,000	\$ 12,87
Marine Broker	1,500	30,000	10,000	7,20
Day Spa	5,000	30,000	25,000	11,70
Apparel	15,000	30,000	20,000	7,20
Eco Discovery	5,000	18,000	20,000	4,32
Large Restaurants (4)	20,000	30,000	75,000	11,70
Small Restaurants (8)	4,500	35,000	25,000	8,40
Total Gross SF	61,000	\$ 29,488	\$ 36,988	\$ 9,83
Net/Gross Efficiency	100%			
Total Net SF	61,000			
Base Year	2006			
Warranty Factor	5%			
Revol Credit Rate	3.00%			

(1) Assumes a leasing commission rate of 3% of first year's rent for 10 year terms and 4% for 5 year terms

Sources and Uses

	% of Total	FSE	Total
Source			
Equity	23.8%	81.74	4,986,659
Debt	1.3%	4.30	262,604
Construction Loan	25.0%	258.12	15,285,620
Total Sources	100.0%	344.16	20,934,884
Uses			
Land Subsidy From Horizontal Develop	(0)	(57.07)	(2,261,307)
Entitlements	0.8%	2.92	178,100
Architects & Engineers	5.4%	18.69	1,139,821
Cost of Construction	65.0%	223.74	13,648,225
Tenant Improvements and Leasing Com	14.4%	49.60	3,025,581
Marketing Expenses	0.4%	1.30	79,568
Legal	0.7%	2.53	154,500
Insurance & Warranties	0.4%	1.55	94,245
Operating Expenses	2.0%	6.86	418,340
Taxes	0.4%	1.49	90,601
Contingency (10.0%)	9.0%	30.93	1,886,632
Development Fee	3.9%	13.46	821,344
Debt Cost	8.2%	28.12	1,718,115
Total Uses	100.0%	344.16	20,934,884

Comparable Market Value of Land

	\$ FSE	Total
Land Purchase Price	\$ (37.72)	(2,461,307)
Start-up expenses	4.86	286,221
Developer's Business Participation	9.21	592,463
Comparable Land Value	\$ (23.65)	(1,412,623)

Construction Loan Financing

Total Cost	20,934,884
Loan-to-Cost	80.0%
Loan Amount	15,747,907
Net Sales Proceeds	22,722,731
Loan-to-Value	69.3%
Loan Fees & Costs	235,181
Required Equity	5,248,473
Required Paydown Acceleration	100.0%
Spread to LIBOR	2.50%
Interest Rate Year	5.00%
2006	5.00%
2007	5.00%
2008	5.00%
2009	5.00%
Total Rate	7.50%

Development Timing & Sales Assumptions

Construction	1/1/06
Land P&A Date	1/1/06
Land Closing Date	12 mos
Pre-Construction Period	12 mos
Construction Start	18 mos
Construction Timeline	60/0/0/8
Completion Date	2006
Base Year	2006
Annual Cost Inflation	3.00%
Leasing & Sales Timing Assumptions	
Lease Commencement Date	7/1/06
Months of Free Rent	6 mos
Rent Commencement Date	1/1/09
Sale Date	7/1/09
NOI	1,846,831
Fee Simple Capitalization Rate	6.50%
Premium for Leasehold Interest	1.25%
Capitalization Rate	7.75%
Sales Price	23,855,886
Sales Price YSF	391.08
Sales Commissions	2.75%
Closing Costs	2.00%

TREASURE ISLAND
Retail Land Residual Analysis

Description	Life Style Gross \$	Life Style \$ PSF
<u>Development Program</u>		
Net Square Footage	45,000	45,000
Net/Gross Efficiency	100%	100%
Average Gross Square Footage	45,000	45,000
2006 Base Year Net Rent per SF	29.43	29.43
2006 Base Year TI Allowance per SF	28.56	28.56

Adjusted for inflation

<u>Revenues</u>		
Stabilized NOI	1,343,150	29.85
Cap Rate	<u>7.75%</u>	<u>7.75%</u>
Salese Price	17,330,970	385.13
Sales Commissions & Closing Costs	<u>4.75%</u>	<u>4.75%</u>
Finished Price	16,507,749	366.84

<u>Directs</u>		
Cost of Construction	10,118,525	224.86
Acquisition Costs	<u>40,000</u>	<u>0.89</u>
Total Directs	10,158,525	225.74

<u>Indirects</u>		
Entitlements	143,820	3.20
Architects & Engineers	846,097	18.80
Tenant Improvements and Leasing Commissions	1,807,434	40.17
Marketing Expenses	79,568	1.77
Legal	154,500	3.43
Insurance & Warranties	<u>69,525</u>	<u>1.55</u>
Total Indirects	3,100,944	68.91

<u>Cost of Funds</u>		
Operating Expenses	308,746	6.86
Taxes	67,800	1.51
Financing Costs & Fees	<u>1,264,836</u>	<u>28.11</u>
Total Cost of Funds	1,641,382	36.48

Contingency (10.0%)	1,363,749	30.31
Development Fee	592,979	13.18
Total Development Costs	16,857,578	374.61
Excluding Developer Subsidy		
Developer Subsidy	(1,630,913)	(36.24)
Net Cost	15,226,664	338.37

Development Program

SF	NNN Rent	TI	Leasing Comm. (1)
Large Restaurants (2)	10,000 \$	30.00 \$	75.00 \$
Medium Restaurants	3,500	30.00	50.00
Small Restaurants (3)	4,500	35.00	20.00
Books	2,500	30.00	10.00
Outdoors/Sports	8,000	24.00	10.00
Other Small Shops	16,500	30.00	10.00
Total Gross SF	45,000	29.42 \$	28.56 \$
Net/Gross Efficiency	100%		9.30
Total Net SF	43,000		
Base Year	2006		
Leasing Factor	5%		
Annual Growth Rate	3.00%		

(1) Annual leasing commission rate of 3.00% of first year's rent for 10 year Term

and 24% for 5 year Term

Sources and Uses

	% of Total	\$F	Total
Sources			
Partner 1 Equity	24.8%	80.36	3,614,233
Partner 2 Equity	1.3%	4.23	190,333
Construction Loan	75.0%	253.28	11,619,988
Total Sources	100.0%	338.37	15,226,664
Uses			
Land Liability From Horizontal Develop	(0)	(35.35)	(1,550,913)
Entitlements	0.9%	3.20	143,820
Architects & Engineers	5.6%	18.80	846,097
Cost of Construction	66.5%	224.86	10,118,525
Tenant Improvements and Leasing Com	11.9%	40.17	1,807,434
Marketing Expenses	0.5%	1.77	79,568
Legal	1.0%	3.43	154,500
Insurance & Warranties	0.5%	1.85	69,525
Operating Expenses	2.0%	6.86	308,746
Taxes	0.4%	1.51	67,800
Contingency (10.0%)	9.0%	30.31	1,263,749
Development Fee	3.9%	13.18	592,979
Draw Costs	8.3%	28.11	1,264,858
Total Uses	100.0%	338.37	15,226,664

Comparable Market Value of Land

	\$ F/SF	Total
Land Purchase Price	\$	(54.24)
Sustainable upgrades		14.86
Disadvantaged Business Participation		9.21
Comparable Land Value	\$	(71.69)
		(975,800)

Construction Loan Financing

Total Costs	15,226,664
Loan-to-Cost	76.0%
Loan Amount	11,619,988
Net Sales Proceeds	16,507,749
Loan-to-Value	69.2%
Loan Fees & Costs	171,300
Required Equity	3,806,666
Required Paydown Acceleration	100.0%
Spreads to LIBOR	2.50%
Interest Rate Year	Base Rate
2006	5.00%
2007	5.00%
2008	5.00%
2009	5.00%
2010	5.00%

Development Timing & Sale Assumptions

Construction	10/06
Land Purchase	10/06
Land Closing Date	10/07
Pre-Construction Period	12 mos
Construction Start	10/07
Construction Timeline	60/08
Completion Date	2008
Base Year	2006
Annual Cost Inflation	3.00%
Leasing & Sales Timing Assumptions	
Lease Commencement Date	7/1/08
Months of Free Rent	6 mos
Rent Commencement Date	1/1/09
Sale Date	7/1/09
NOI	1,343,150
Fee Simple Capitalization Rate	6.50%
Premium for Leasehold Interest	1.25%
Capitalization Rate	7.25%
Sales Price	17,200,070
Sales Price P/SF	385.13
Sales Commission:	2.75%
Closing Costs	2.00%

Planning and Entitlement Costs

Treasure Island : Financing Plan

August, 2006

TREASURE ISLAND ENTITLEMENT BUDGET				
	Development Plan Budget 2000 - 2006	DDA & Conveyance Negotiations 1/01/07 - 12/31/08	Land Transfer 1/1/09 - 6/30/09	Budget Total 2000 - 2009
Land Planning	3,248,732	2,760,000	-	6,008,732
Engineering/Infrastructure	1,649,641	2,290,000	60,000	3,999,641
Legal	848,743	2,060,000	180,000	3,088,743
EIR	-	1,440,000	-	1,440,000
Economic/Market Analysis	537,233	300,000	37,000	874,233
Public Financing	55,103	180,000	150,000	385,103
Community Outreach	61,750	120,000	30,000	211,750
Public Relations	104,200	120,000	30,000	254,200
Development Staff Overhead	2,609,078	2,880,000	720,000	6,209,078
City Expenses	1,466,812	3,000,000	750,000	5,216,812
Interest on ENA Guarantee	700,000	400,000	100,000	1,200,000
Government Fees	5,919	-	-	5,919
Deposits	350,000	-	-	350,000
Misc	85,237	240,000	-	325,237
Subtotal	\$ 11,722,448	\$ 15,790,000	\$ 2,057,000	\$ 29,569,448
Plus: Contingency	-	1,545,000	197,200	1,742,200
Total Costs	\$ 11,722,448	\$ 17,335,000	\$ 2,254,200	\$ 31,311,648

Revenues – Residential

- **Vertical Pro-formas**
- **TI Pricing Recommendations**
- **Absorption Assumptions**
 - **Land Sales Comps**

Treasure Island : Financing Plan

August, 2006

Treasure Island and Yerba Buena Island

Revenues : Market-Rate and Inclusionary For-Sale Home Pads

	<u>Number of Homes</u>	<u>Average Pad Price</u>	<u>Gross Revenues</u>
Lowrise Home Pads	1,207	\$ 177,313	\$ 214,016,791
Midrise Home Pads	2,094	\$ 135,942	\$ 284,662,548
Highrise Home Pads	899	\$ 124,753	\$ 112,152,947
			<u>\$ 610,832,286</u>

Revenues : Market-Rate and Inclusionary For-Rent Home Pads

	<u>Number of Homes</u>	<u>Average Pad Price</u>	<u>Gross Revenues</u>
Lowrise Home Pads	742	\$ 51,667	\$ 38,336,914

Revenues : TIDA and TIHDI Home Pads

	<u>Number of Homes</u>	<u>Average Pad Price</u>	<u>Gross Revenues</u>
Lowrise Home Pads	1,058	\$ -	\$ -

TREASURE ISLAND - 15% Inclusionary Component
Residential Land Residual Analysis

Description	SFA
Stories	

Development Program

Average Saleable Net Square Footage	1,700
Net/Gross Efficiency	100%
Average Gross Square Footage	1,700
Parking Square Footage	41,300
2006 Base Year Market Rate Price/Net SF	576
Construction Cost/Gross SF	242

(\$/unit) adjusted for inflation and inclusionary housing

Revenues

Average Home Price	995,440
Commissions & Closing Costs	<u>(28,370)</u>
Home Price	967,070

Directs

Cost of Construction	411,275
Acquisition Costs	<u>2,159</u>
Total Directs	413,434

Indirects

Entitlements	8,934
Architects & Engineers	24,825
Marketing Expenses	14,792
Legal	1,902
Insurance & Warranties	<u>24,016</u>
Total Indirects	74,468

Cost of Funds

Taxes	6,770
Operating Expenses	7,162
Debt Costs	<u>61,682</u>
Total Cost of Funds	75,614

Contingency (10.0%)	50,252
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Development Fee	20,806
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Return on Net Sales	10.00%
Equity Investor IRR	N/A
Profit	<u>96,708</u>

Residual Value of Land

Land Purchase Price	235,788
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TREASURE ISLAND - SINGLE FAMILY ATTACHED

Venture Summary

John's Venture Summary				
	100.0%			
Partner 1 Equity Investment	100.0%			
Partner 2 Equity Investment	100.0%			
Total Venture				
Initial Split				
Partner 1	100.0%			
Partner 2	100.0%			

Project Valuation				
Analysis Start Date	1/1/00			
Total Acquire (Approx)	3.0			
Land Purchase Price				
Construction Costs				
Gross Purchase Price				
Total Build Costs				
Net Build Costs				
Project Costs				
Land Construction Loan				
Net Build Equity				

Development Program				
# of Units	NSF/Unit	\$ per Unit		
Market Rate Units (1)	100	1,200	120,000	
Market Units	115	1,200	138,000	
Total/Unit, Avg	115	1,200	138,000	
ROI %	15.0%			
In Use Fee	0.0%			
Total Costs Available SF	200,000			
Net Costs Efficiency	200,000			
Total Costs Over SF				
Profit/Loss	115	300	34,500	
Total Building SF	115	2,000	230,000	

Construction Loan Financing				
	100.0%			
Total Costs	100.0%			
Loan-to-Cost	100.0%			
Loan Amount	100.0%			
Net Sales Proceeds	100.0%			
Loan-to-Value	100.0%			
Required Equity	100.0%			

Required Paydown Assumptions				
Spaced in L200K	2.50%			
Interest Rate Year	2.50%			
2007	2.50%			
2008	2.50%			
2009	2.50%			

Development Timing & Sales Assumptions				
Construction	100.0%			
Land Clearing Date	100.0%			
Pre-Construction Period	12 mos.			
Construction Start	11/07			
Construction Complete	11/07			
Completion Date	11/07			
Run Year	2006			
Annual Cost Reduction	3.00%			
Sale Timing Assumptions	2006			
% of Units Pre-Sold	20%			
Number of Pre-Sold Units	24			
First Sale Closing Date	11/07			
Units Sold per Month	300			
Sale Price	300			
Annual Profit Growth	3.00%			
Sale Commencement	2.50%			
Closing Costs	0.10%			

Return Summary				
ROI	20.0%			
Return on Capital	20.0%			
Total Equity	20,000,000			
Net Income	4,000,000			
Profit	4,000,000			

Return-on-Cost				
Gross Sales Proceeds	20,000,000			
Less Sales Cost	(16,000,000)			
Net Sales Proceeds	4,000,000			
Less Development Costs	(1,000,000)			
Net Profit	3,000,000			
Return on Net Sales	10.0%			
Return on Cost	12.5%			

Source and Uses				
Source				
Partner 1 Equity	20.0%			
Partner 2 Equity	20.0%			
Construction Loan	60.0%			
Total Source	100.0%			
Use				
Land & Acquisition Costs	22.3%			
Buildings	1.0%			
Buildings	1.0%			
Cost of Construction	67.7%			
Marketing Expense	1.2%			
Legal	0.3%			
Insurance & Warranties	2.8%			
Operating Expenses	0.8%			
Contingency (10.0%)	5.8%			
Development Fee	2.4%			
Debt Costs	7.3%			
Total Uses	100.0%			

Comparable Market Value of Land				
Land Purchase Price	\$ 130.70			
Sanitary Upgrade	5.33			
Community Room Improvements	10.66			
Sale of Parking for Affordable Housing	(6.43)			
Comparable Land Value	\$ 139.26			

TREASURE ISLAND - 15% Inclusionary Component
Residential Land Residual Analysis

Description	Stacked
Stories	Town Homes

Development Program

Average Saleable Net Square Footage	1,400
Net/Gross Efficiency	90%
Average Gross Square Footage	1,556
Parking Square Footage	46,813
2006 Base Year Market Rate Price/Net SF	612
Construction Cost/Gross SF	291

(\$/unit) adjusted for inflation and inclusionary housing

Revenues

Average Home Price	885,732
Commissions & Closing Costs	(27,458)
Home Price	858,274

Directs

Cost of Construction	453,177
Acquisition Costs	1,148
Total Directs	454,325

Indirects

Entitlements	8,523
Architects & Engineers	29,771
Marketing Expenses	13,996
Legal	1,822
Insurance & Warranties	34,334
Total Indirects	88,447

Cost of Funds

Taxes	5,511
Operating Expenses	6,337
Debt Costs	48,101
Total Cost of Funds	59,949

Contingency (10.0%)	55,546
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Development Fee	22,818
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Return on Net Sales	10.00%
Equity Investor IRR	N/A
Profit	85,828

Residual Value of Land

Land Purchase Price	91,362
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TREASURE ISLAND - STACKED TOWN HOMES

Variance Summary

John's Variances Summary			
	100.0%	100.0%	100.0%
Prize 1 Equity Interest			
Prize 2 Equity Interest			
Total Variance			
Initial Split			
Time 1			
Time 2			

Project Validation			
Analysis Start Date	1/1/20		
Total Change (Apprec.)	5.0		
Land Purchase Price	\$ 62.26	\$ 91.352	12.139.638
Clearing Costs	\$ 9.82	\$ 1.144	135.317
Construction Costs	\$ 64.28	\$ 92.510	12,373,175
Total Hard Costs	\$ 326.70	\$ 453.177	6,912,411
Financing Costs	\$ 34.36	\$ 49.101	178,638
Total Project Costs	\$ 361.06	\$ 502.278	7,091,049
Required Equity	\$ 180.53	\$ 251.139	3,545,524

Development Program			
# of Units	NSF/Unit	Base Year Price (\$200)	\$ per Unit
Model Run Units (1)	14	1,400	612.29
Model Run Units (2)	14	1,400	612.29
Total Units, Avg.	14	1,400	612.29
ROI %	15.0%		
In Line Fee	6.0%		
Total Costs Subsidy SF	187,250		187,250
Net Costs Efficiency	238,054		238,054
Total Costs Gross SF	13	130	1,400
Prize 1	13	130	1,400
Total Parking SF	13	130	1,400
Total, Avg.	13	130	1,400

Construction Loan Financing			
Total Cost	103,314,638		
Loan-to-Cost	80.0%		
Loan Amount	82,651,717		
Net Sales Proceeds	114,294,197		
Loan-to-Value	72.6%		
Loan Fees & Costs	1,220,378		
Required Equity	20,662,921		
Required Paydown Amortization	100.0%		
Spread to LTVOR	2.30%		
Interest Rate, 2007	7.25%		
2008	5.25%		
2009	5.00%		
2010	5.00%		
2011	5.00%		

Development Timing & Risk Assumptions			
Construction Start	1/1/07		
Construction End	12/31/07		
Construction Duration	12 mos.		
Construction Start	1/1/07		
Construction End	12/31/07		
Construction Duration	12 mos.		
Construction Start	1/1/07		
Construction End	12/31/07		
Construction Duration	12 mos.		
Construction Start	1/1/07		
Construction End	12/31/07		
Construction Duration	12 mos.		

Return Summary			
IRR	23.3%	Expected	23.3%
Return on Capital	1.4%	1.4%	1.4%
Total Equity	20,662,921	20,662,921	
Revenue	20,662,921	20,662,921	
Profit	11,479,354	11,479,354	
% of Total Equity	55.5%	55.5%	

Return-on-Cost			
Gross Sales Proceeds	885,292	885,292	
Net Sales Proceeds	633.67	633.67	
Net Sales Proceeds	633.67	633.67	
Net Sales Proceeds	633.67	633.67	
Net Sales Proceeds	633.67	633.67	
Net Sales Proceeds	633.67	633.67	
Net Sales Proceeds	633.67	633.67	
Net Sales Proceeds	633.67	633.67	
Net Sales Proceeds	633.67	633.67	
Net Sales Proceeds	633.67	633.67	

Revenues and Uses			
Source	% of Total	PSF	Time
Prize 1 Equity	30.7%	10.35	20,662,921
Prize 2 Equity	30.7%	10.35	20,662,921
Construction Loan	30.7%	10.35	20,662,921
Total Revenues	30.7%	10.35	20,662,921
Uses			
Land & Acquisition Costs	12.4%	66.08	12,373,175
Endowments	1.1%	6.09	1,139,948
Utilities & Engineering	3.9%	21.26	4,081,899
Construction Costs	3.9%	21.26	4,081,899
Marketing Expenses	1.8%	10.40	1,871,997
Legal	0.3%	1.30	243,750
Insurance & Warranties	4.4%	24.27	4,992,228
Operating Expenses	0.8%	4.33	867,545
Development Fee	7.2%	39.45	7,629,219
Debt Costs	5.0%	26.30	5,362,849
Total Uses	30.7%	10.35	20,662,921

Comparable Market Value of Land			
PSF	\$ per Acre	Total	
Land Purchase Price	\$ 93.82	\$ 93.82	
Comparable Market Value	\$ 93.82	\$ 93.82	
Comparable Market Value	\$ 93.82	\$ 93.82	
Comparable Market Value	\$ 93.82	\$ 93.82	
Comparable Market Value	\$ 93.82	\$ 93.82	
Comparable Market Value	\$ 93.82	\$ 93.82	
Comparable Market Value	\$ 93.82	\$ 93.82	
Comparable Market Value	\$ 93.82	\$ 93.82	
Comparable Market Value	\$ 93.82	\$ 93.82	

TREASURE ISLAND - 15% Inclusionary Component
Residential Land Residual Analysis

Description	Low Rise
Stories	4-5

Development Program

Average Saleable Net Square Footage	1,100
Net/Gross Efficiency	83%
Average Gross Square Footage	1,325
Parking Square Footage	47,688
2006 Base Year Market Rate Price/Net SF	652
Construction Cost/Gross SF	296

(\$/unit) adjusted for inflation and inclusionary housing

Revenues

Average Home Price	764,534
Commissions & Closing Costs	(23,701)
Home Price	740,833

Directs

Cost of Construction	392,532
Acquisition Costs	956
Total Directs	393,488

Indirects

Entitlements	7,373
Architects & Engineers	25,909
Marketing Expenses	13,274
Legal	2,016
Insurance & Warranties	34,429
Total Indirects	83,000

Cost of Funds

Taxes	4,075
Operating Expenses	6,780
Debt Costs	45,420
Total Cost of Funds	56,275

Contingency (10.0%) 48,820

Development Fee 19,922

Return on Net Sales 10.00%

Equity Investor IRR N/A

Profit **74,084**

Residual Value of Land

Land Purchase Price 65,245

TREASURE ISLAND - LOW RISE STACKED FLATS 4-5 STORIES

Venture Summary

Joint Venture Structure				
Partner 1 Equity Interest	100.0%			
Partner 2 Equity Interest	100.0%			
Total Venture				
Initial Split:				
Tier 1	100.0%			
Tier 2	100.0%			

Regional Valuations				
Analysis Best Date	1/1/06			
Total Acquire (Approx.)	\$0			
Land Purchase Price	\$1,311,500			
Less: 1st	\$1,311,500			
Less: 2nd	\$1,311,500			
Less: 3rd	\$1,311,500			
Less: 4th	\$1,311,500			
Less: 5th	\$1,311,500			
Less: 6th	\$1,311,500			
Less: 7th	\$1,311,500			
Less: 8th	\$1,311,500			
Less: 9th	\$1,311,500			
Less: 10th	\$1,311,500			
Less: 11th	\$1,311,500			
Less: 12th	\$1,311,500			
Less: 13th	\$1,311,500			
Less: 14th	\$1,311,500			
Less: 15th	\$1,311,500			
Less: 16th	\$1,311,500			
Less: 17th	\$1,311,500			
Less: 18th	\$1,311,500			
Less: 19th	\$1,311,500			
Less: 20th	\$1,311,500			
Less: 21st	\$1,311,500			
Less: 22nd	\$1,311,500			
Less: 23rd	\$1,311,500			
Less: 24th	\$1,311,500			
Less: 25th	\$1,311,500			
Less: 26th	\$1,311,500			
Less: 27th	\$1,311,500			
Less: 28th	\$1,311,500			
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Less: 30th	\$1,311,500			
Less: 31st	\$1,311,500			
Less: 32nd	\$1,311,500			
Less: 33rd	\$1,311,500			
Less: 34th	\$1,311,500			
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Less: 36th	\$1,311,500			
Less: 37th	\$1,311,500			
Less: 38th	\$1,311,500			
Less: 39th	\$1,311,500			
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Less: 41st	\$1,311,500			
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Less: 43rd	\$1,311,500			
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Less: 62nd	\$1,311,500			
Less: 63rd	\$1,311,500			
Less: 64th	\$1,311,500			
Less: 65th	\$1,311,500			
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Less: 80th	\$1,311,500			
Less: 81st	\$1,311,500			
Less: 82nd	\$1,311,500			
Less: 83rd	\$1,311,500			
Less: 84th	\$1,311,500			
Less: 85th	\$1,311,500			
Less: 86th	\$1,311,500			
Less: 87th	\$1,311,500			
Less: 88th	\$1,311,500			
Less: 89th	\$1,311,500			
Less: 90th	\$1,311,500			
Less: 91st	\$1,311,500			
Less: 92nd	\$1,311,500			
Less: 93rd	\$1,311,500			
Less: 94th	\$1,311,500			
Less: 95th	\$1,311,500			
Less: 96th	\$1,311,500			
Less: 97th	\$1,311,500			
Less: 98th	\$1,311,500			
Less: 99th	\$1,311,500			
Less: 100th	\$1,311,500			

Development Program				
# of Units	NSF/Unit	\$ PPS	\$ per Unit	
Market Box Units (1)	116	1,100	61.51	71,406
BRG Units	20	1,100	39.02	30,000
Total/Unit, Avg.	136	1,100	61.26	61,406
BRG %	15.0%			
In Land Fee	0.0%			
Total Comd. Involvement \$	149,879			153,000
Net-Cross Efficiency	8.2%			
Total Comd. Gross \$	388,272			30,000
Parking	136	300	148.86	30,000
Total Parking \$	67,680			
Total/Unit, Avg.	136	1,400	69.62	71,406

Construction Loan Financing				
Total Cost	9,044,562			
Loan-to-Cost	80.0%			
Loan Amount	\$7,235,650			
Net Sales Proceeds	105,038,513			
Loan-to-Value	72.0%			
Required Equity	1,693,133			
Loan Fees & Costs	1,693,133			
Required Paydown Amortization	107.0%			
Spread to LIBOR	2.50%			
Interest Rate Year	2007			
2008	2.50%			
2009	2.50%			
2010	2.50%			
2011	2.50%			
2012	2.50%			
2013	2.50%			
2014	2.50%			
2015	2.50%			
2016	2.50%			
2017	2.50%			
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2095	2.50%			
2096	2.50%			
2097	2.50%			
2098	2.50%			
2099	2.50%			
2100	2.50%			

Development Timing & Sale Assumptions				
Land PSA Date	1/1/06			
Land Closing Date	12 mos.			
Pre-Construction Period	1/1/07			
Construction Start Date	1/1/08			
Construction Completion Date	6/30/08			
Blue Year	2006			
Annual Cost Inflation	3.00%			
Sale Timing Assumption	20%			
% of Units Pre-Sold	27			
Number of Pre-Sold Units	6,900/8			
First Sale Closing Date	6/30/08			
Units Sold per Month	570			
Sale Price	300k			
Annual Price Growth	3.00%			
Sale Commissions	1.00%			
Closing Costs	0.10%			

Return Summary				
IRR	20.0%			
Return on Capital	1.6%			
Total Equity	13,168,912			
Net Sales Proceeds	105,038,513			
Loan-to-Value	72.0%			
Required Equity	1,693,133			
Loan Fees & Costs	1,693,133			
Required Paydown Amortization	107.0%			
Spread to LIBOR	2.50%			
Interest Rate Year	2007			
2008	2.50%			
2009	2.50%			
2010	2.50%			
2011	2.50%			
2012	2.50%			
2013	2.50%			
2014	2.50%			
2015	2.50%			
2016	2.50%			
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2043	2.50%			
2044	2.50%			
2045	2.50%			
2046	2.50%			
2047	2.50%			
2048	2.50%			
2049	2.50%			
2050	2.50%			
2051	2.50%			
2052	2.50%			
2053	2.50%			
2054	2.50%			

TREASURE ISLAND - 15% Inclusionary Component**Residential Land Residual Analysis**

Description	Mid Rise
Stories	10-15

Development Program

Average Saleable Net Square Footage	1,100
Net/Gross Efficiency	83%
Average Gross Square Footage	1,325
Parking Square Footage	43,750
2006 Base Year Market Rate Price/Net SF	805
Construction Cost/Gross SF	330

*(\$/unit) adjusted for inflation and inclusionary housing***Revenues**

Average Home Price	921,414
Commissions & Closing Costs	<u>(33,171)</u>
Home Price	888,244

Directs

Cost of Construction	437,615
Acquisition Costs	<u>1,148</u>
Total Directs	438,763

Indirects

Entitlements	9,143
Architects & Engineers	30,889
Marketing Expenses	14,042
Legal	2,568
Insurance & Warranties	<u>34,492</u>
Total Indirects	91,133

Cost of Funds

Taxes	9,152
Operating Expenses	6,776
Debt Costs	<u>44,341</u>
Total Cost of Funds	60,269

Contingency (10.0%)	54,674
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Development Fee	22,285
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Return on Net Sales	15.18%
Equity Investor IRR	20.00%
Profit	<u>134,812</u>

Residual Value of Land

Land Purchase Price	86,307
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TREASURE ISLAND - MID-RISE 16-15 STORIES

Venture Summary

Joint Venture Structure

	Partner 1 Equity Proportion	Partner 2 Equity Proportion	Partner 2 Equity Proportion
Initial Split	15%	75.0%	25.0%
Year 1	15%	75.0%	25.0%
Year 2	15%	75.0%	25.0%

Project Valuation

Analysis Start Date	\$/SFE	\$/sq. ft. (161)	Total
Total Average (Average)	5.0		
Land Purchase Price	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Construction Costs	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Cost Purchase Price	\$ 79,500	\$ 67,650	\$ 10,971,646
Total Hard Costs	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Total Soft Costs	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Financing Costs	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Total Project Costs	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Less: Construction Loan	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Acquired Equity	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

Development Program	# of Units	MSF/Unit	Base Year Price (\$/SFE)	\$ per Unit
Market Rate Units (1)	106	1,100	\$ 64.85	\$ 64,850
Market Rate Units (2)	125	1,100	\$ 64.85	\$ 64,850
Total/Unit, Avg.	115.5	1,100	\$ 64.85	\$ 64,850
ROIC %	15.0%			
ROIC %	15.0%			
Total Costs Schedule \$F	137,500			
NetCosts Efficiency	\$ 825			
Total Costs Schedule \$F	166,663			
Pricing	125	350	\$ 140.86	\$ 140,860
Total Pricing \$F	125	43,200		\$ 5,399,000
Total/Unit, Avg.	125	1,400	\$ 64.85	\$ 64,850

Construction Loan Financing

Total Costs	\$4,124,500
Loans to Cost	20.0%
Loans to Cost	66,890,283
Net Sales Proceeds	111,720,459
Loans to Value	59.4%
Loans to Value	1,310,305
Required Equity	24,253,660
Required Paydown Acceleration	100.0%
Spread to LIBOR	2.50%
Interest Rate Year	2007
2007	3.50%
2008	3.50%
2009	3.50%

Development Timing & Sales Assumptions

Land PSA Date	1/1/06
Pre-Construction Period	12 mos
Construction Period	21 mos
Completion Date	9/30/06
Base Year	2006
Annual Cost Inflation	3.00%
Sale Timing Assumptions	30%
% of Units Pre-Sold	25
Number of Pre-Sold Units	900/06
Unit Sale Closing Date	7/01/06
Unit Sale Closing Month	2006
Unit Sale Closing Date	2006
Annual Price Growth	3.00%
Sales Commissions	3.00%
Closing Costs	0.25%

Return Summary

IRR	IRR	IRR	IRR
Return on Capital	24.9%	26.9%	24.9%
Total Equity	24.9%	26.9%	24.9%
Pre-Dev	24.9%	26.9%	24.9%
Post-Dev	24.9%	26.9%	24.9%
% of Total Profit	100.0%	100.0%	100.0%

Return on Cost

Return on Cost	Return on Cost	Return on Cost	Return on Cost
Cost Sales Proceeds	100.0%	100.0%	100.0%
Less: Sales Costs	100.0%	100.0%	100.0%
Less: Development Costs	100.0%	100.0%	100.0%
Less: Financing Costs	100.0%	100.0%	100.0%
Less: Other Costs	100.0%	100.0%	100.0%
Less: Total Costs	100.0%	100.0%	100.0%
Less: Return on Cost	100.0%	100.0%	100.0%

Comparable Market Value of Land

Comparable Market Value of Land	Comparable Market Value of Land	Comparable Market Value of Land	Comparable Market Value of Land
Land Purchase Price	\$ 78.46	\$ 78.46	\$ 78.46
Construction Costs	16.41	16.41	16.41
Discontinued Business Participation	17.21	17.21	17.21
Community Room Improvements	16.82	16.82	16.82
Sale of Parking for Affordable Housing	97.44	97.44	97.44
Comparable Land Value	\$ 97.44	\$ 97.44	\$ 97.44

TREASURE ISLAND - 15% Inclusionary Component**Residential Land Residual Analysis**

Description	Neighborhood
Stories	Towers
	18-22

Development Program

Average Saleable Net Square Footage	1,108
Net/Gross Efficiency	83%
Average Gross Square Footage	1,335
Parking Square Footage	47,250
2006 Base Year Market Rate Price/Net SF	903
Construction Cost/Gross SF	335

*(\$/unit) adjusted for inflation and inclusionary housing***Revenues**

Average Home Price	1,047,353
Commissions & Closing Costs	<u>(37,705)</u>
Home Price	1,009,648

Directs

Cost of Construction	447,584
Acquisition Costs	<u>1,569</u>
Total Directs	449,153

Indirects

Entitlements	9,355
Architects & Engineers	31,107
Marketing Expenses	15,344
Legal	4,113
Insurance & Warranties	<u>36,842</u>
Total Indirects	96,761

Cost of Funds

Taxes	13,747
Operating Expenses	8,778
Debt Costs	<u>54,274</u>
Total Cost of Funds	77,299

Contingency (10.0%)	56,986
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Development Fee	23,001
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Return on Net Sales	17.38%
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Equity Investor IRR	20.00%
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Profit	<u>175,453</u>
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Residual Value of Land

Land Purchase Price	130,996
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TREASURE ISLAND - 15% Inclusionary Component
Residential Land Residual Analysis

Description	High Rise
Stories	23+

Development Program

Average Saleable Net Square Footage	1,350
Net/Gross Efficiency	83%
Average Gross Square Footage	1,627
Parking Square Footage	78,750
2006 Base Year Market Rate Price/Net SF	938
Construction Cost/Gross SF	339

(\$/unit) adjusted for inflation and inclusionary housing

Revenues

Average Home Price	1,319,838
Commissions & Closing Costs	<u>(47,514)</u>
Home Price	1,272,324

Directs

Cost of Construction	551,045
Acquisition Costs	<u>1,424</u>
Total Directs	552,469

Indirects

Entitlements	10,183
Architects & Engineers	36,202
Marketing Expenses	16,034
Legal	2,811
Insurance & Warranties	<u>37,112</u>
Total Indirects	102,342

Cost of Funds

Taxes	19,750
Operating Expenses	12,889
Debt Costs	<u>73,512</u>
Total Cost of Funds	106,152

Contingency (10.0%)	68,959
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Development Fee	28,006
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Return on Net Sales	23.12%
Equity Investor IRR	20.00%
Profit	<u>294,124</u>

Residual Value of Land

Land Purchase Price	120,273
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TREASURE ISLAND - 15% Inclusionary Component
Residential Land Residual Analysis

Description	Apartment
Stories	4-5

Development Program

Average Saleable Net Square Footage	844
Net/Gross Efficiency	85%
Average Gross Square Footage	993
Parking Square Footage	43,750
2006 Base Year Market Rate Price/Net SF	411
Construction Cost/Gross SF	203

(\$/unit) adjusted for inflation and inclusionary housing

Revenues

Average Home Price	352,616
Commissions & Closing Costs	<u>(5,207)</u>
Home Price	347,409

Directs

Cost of Construction	201,998
Acquisition Costs	<u>713</u>
Total Directs	202,711

Indirects

Entitlements	4,753
Architects & Engineers	10,989
Marketing Expenses	976
Legal	1,154
Insurance & Warranties	<u>206</u>
Total Indirects	18,077

Cost of Funds

Taxes	2,538
Operating Expenses	-
Debt Costs	<u>5,730</u>
Total Cost of Funds	8,268

Contingency (10.0%) 23,595

Development Fee 7,686

Return on Net Sales 10.19%

Equity Investor IRR 20.00%

Profit 35,407

Residual Value of Land

Land Purchase Price 51,667

Joint Venture Structure				
	IRR	Partner 1	Partner 2	Partner 3
Partner 1 Equity (Invest)				
Partner 2 Equity (Invest)				
Total Venture				
Initial Split:				
The 1	100.0%			
The 2	100.0%			

Project Valuations				
Analysis Start Date				
Total Average (Approx.)				
	\$/SF	\$/Unit	Total	
Land Purchase Price	\$ 27.27	\$ 21.67	\$ 6,683,375	
Crane Costs	\$ 0.84	\$ 7.03	\$ 69,028	
Crane Purchase Price	\$ 62.66	\$ 52,380	\$ 6,547,453	
Total Hard Costs	\$ 234.41	\$ 214,778	\$ 26,837,763	
Soft Costs	\$ 61.49	\$ 52,355	\$ 6,468,516	
Pre-Sale Comm	\$ 10.00	\$ 8,320	\$ 210,528	
Total Project Costs	\$ 306.87	\$ 322,022	\$ 39,516,807	
Loan Construction Loan	\$ 127,263	\$ 124,000	\$ 129,252,221	
Required Equity	\$ 92.42	\$ 78,001	\$ 9,780,075	

Development Program				
Base Year Prices (2000)				
# of Units	NSF/Unit	\$/SF	\$ per Unit	
Market Rate Units (1)	106	844	611.32	\$47,158
Below Unit	10	844		
Below Unit Avg.	120	844	348.80	\$91,588
BMF %	1.07%			
Total Apartment Suitable SF	126,300			
Net-Cross Efficiency	82%			
Total Apartment Gross SF	134,115			

Development Program				
# of Units	NSF/Unit	Unit NSF		
1 BD Rm. JF	10	620	6,000	
2 BD Rm. JF	40	790	40,000	
2 BD Rm. 1 BA	40	1,000	42,000	
2 BD Rm. 2 BA	10	1,200	33,000	
Total	125	644	125,000	

Construction Loan Financing				
Total Costs	39,000,298			
Loan-to-Cost	79.07%			
Loan Amount	29,250,228			
Net Sales Proceeds	42,745,317			
Loan-to-Value	68.47%			
Loan Fee & Costs	360,678			
Required Equity	9,780,075			
Spread to LIOR (during construction)	2.00%			
Spread to LIOR (after construction)	1.25%			
Interest Rate (2007)	7.00%			
2007	5.00%			
2008	5.00%			
2009	3.00%			

Development Timing & Sale Assumptions				
Calendar				
Construction Start	12 mos			
Construction Timeline	15 mos			
Completion Date	3/31/08			
Base Year	2006			
Annual Cost Inflation	3.00%			
Sale Timing Assumptions	47,000			
First Lease Start Date	9/30/06			
Lease-Up End Date	20%			
Adm Unit Leases / Month	15			
Sale & Rent Base Year	2006			
Monthly MFR Rent / SF	\$ 3.00			
Rental Growth Rate to completion	7.1%			
Monthly MFR Rent at Completion	\$ 3.20			
Monthly MFR Rent at Completion	\$ 2,954			
Annual Rent Growth after Completion	3.07%			
Yearly OpEx per Unit	7,099			
Monthly OpEx per Unit	592			
Date of Sale	1/1/2009			
Completion	1.07%			
Cost of Sale	0.37%			
Forward Year NOI	2,603,666			
Net-Cross Efficiency (77.6)	0.07%			
Gross Sales Proceeds	42,745,317			
Sale Price / SF	\$ 411.32			

Return Summary				
	Invest	Partner 1	Partner 2	
IRR	18.0%	18.0%	18.0%	
Return on Capital	1.5%	1.5%	1.5%	
Total Equity	9,780,075	9,780,075	9,780,075	
Revenue	14,735,001	14,735,001	14,735,001	
Profit	4,955,626	4,955,626	4,955,626	
% of Total Profit	100.0%	100.0%	100.0%	
Return-on-Cost				
	\$/SF (Inv)	\$/SF	Total	
Gross Sale Proceeds	39,000,298	61.32	43,984,433	
Less: Sales Cost	(15,202)	(0.02)	(16,953,372)	
Net Sales Proceeds	39,985,096	60.15	42,745,317	
Cash Flow after Debt Service	5,461	6.47	692,697	
Net Operating Costs	(334,000)	(0.52)	(359,000,298)	
Net Profit	31,647	6.15	3,426,686	
Return on Net Sales			10.4%	
Return on Cost			11.3%	

Sources and Uses				
	% of Total	\$/SF	Total	
Source:				
Partner 1 Equity	25.0%	92.42	9,780,075	
Partner 2 Equity				
Construction Loan	75.0%	277.25	29,250,228	
Total Sources	100.0%	399.67	39,000,298	
Uses:				
Land & Acquisition Costs	16.4%	62.86	6,547,453	
Entitlements	1.2%	5.63	594,077	
Architect & Engineers	3.5%	13.02	1,373,690	
Cost of Construction	64.7%	209.23	25,497,701	
Marketing Expenses	0.5%	1.16	122,004	
Legal	0.2%	0.81	83,600	
Insurance & Warranties	0.1%	0.24	25,290	
Taxes	0.6%	3.01	317,293	
Contingency (10.0%)	7.6%	27.96	2,847,313	
Development Fee	2.5%	9.11	960,711	
Other	0.8%	8.22	858,228	
Total Uses	100.0%	399.67	39,000,298	

Comparable Market Value of Land				
	\$/SF	\$/Unit	Total	
Land Purchase Price	\$ 61.32	\$ 51.67	\$ 6,483,375	
Statewide Upgrade	3.56	4.692	\$86,456	
Domestic Gas Participation	11.12	9.383	\$177,512	
Community Room Improvements	(2.23)	(1.877)	\$(24,921)	
Art Fee				
Sale of Parking for Affordable Housing				
Comparable Land Value	\$ 75.67	\$ 63.865	\$ 7,985,140	

TREASURE ISLAND
Residential Land Residual Analysis

Description	Condotel
Stories	23+

Development Program

Number of Homes	117
Average Saleable Net Square Footage	1,620
Net/Gross Efficiency	80%
Average Gross Square Footage	2,025
Parking Square Footage	350
2006 Base Year Market Rate Price/Net SF	1,251
Construction Cost/Gross SF	318

(\$/unit) adjusted for inflation and inflationary housing

Revenues

Average Home Price	2,027,217
Commissions & Closing Costs	<u>(70,587)</u>
Home Price	1,956,630

Directs

Cost of Construction	595,943
Acquisition Costs	6,289
Total Directs	602,233

Indirects

Entitlements	12,579
Architects & Engineers	37,736
Marketing Expenses	25,158
Legal	6,289
Insurance & Warranties	<u>62,894</u>
Total Indirects	144,656

Cost of Funds

Taxes	6,492
Operating Expenses	4,328
Debt Costs	<u>32,462</u>
Total Cost of Funds	43,283

Contingency (10.0%)	70,111
Development Fee	35,055
Hotel Subsidy	246,154
Return on Net Sales	20.00%
Equity Investor IRR	20.00%
Profit	<u>405,443</u>

Residual Value of Land

Land Purchase Price	409,694
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EXHIBIT I
PRODUCT MIX AND POSITIONING
TREASURE ISLAND - SAN FRANCISCO, CALIFORNIA
APRIL 2006

Product Type	Avg Unit Size (Sq Ft)	Base Price	Base Price/Foot	Avg Premium	Avg Price	Avg Price/Foot
Single Family Attached (Townhomes)	1,700	\$935,250	\$550	10%	\$1,028,775	\$605
Stacked Townhomes (Under 5 Stories)	1,400	\$795,900	\$569	14%	\$907,326	\$648
Stacked Flats (Under 5 Stories)	1,100	\$644,800	\$586	19%	\$767,312	\$698
Stacked Flats (10 to 15 Stories)	1,100	\$719,549	\$654	30%	\$935,414	\$850
Stacked Flats (18 to 22 Stories)	1,100	\$719,549	\$654	45%	\$1,043,346	\$948
Stacked Flats (22+ Stories, 3 Sisters and Icon)	1,352	\$850,467	\$629	55%	\$1,318,224	\$975
YBI SFA Product (Townhomes)	2,000	\$1,193,000	\$597	40%	\$1,670,200	\$835
Condotel (15 Stories)	1,620	\$1,446,429	\$893	40%	\$2,025,000	\$1,250
Totals/Weighted Avg:	1,297	\$804,679	\$621	34%	\$1,081,520	\$834

EXHIBIT 6
RECOMMENDED PRODUCT MENU AND POSITIONING
YERBA BUENA ISLAND - SAN FRANCISCO, CALIFORNIA
MAY 1986

<u>Product Type</u>	<u>Ans Range</u> <u>(Sq. Ft.)</u>	<u>Price</u> <u>Range</u>	<u>Base \$/FT</u>	<u>Average</u> <u>Premium</u>	<u>Avg</u> <u>Price</u>	<u>Avg</u> <u>Price/Fac</u>	<u>Prelim Avg</u> <u>Price</u>
SFA Townhome	1,760 -	\$1,300,000 -	\$765 -				
	2,100	\$1,483,000	\$695				
	2,080	\$1,391,500	\$666	10%	\$1,469,800	\$835	\$1,670,160
Sucked Townhome	1,254 -	\$950,000 -	\$758 -				
	1,750	\$1,100,000	\$629				
	1,502	\$1,025,000	\$682	10%	\$1,238,800	\$819	na
Sucked Flat	900 -	\$800,000 -	\$889 -				
	1,000	\$828,000	\$828				
	959	\$814,000	\$857	20%	\$976,800	\$1,028	na

01896.05 Reconcils YB1:rec2

THE CONCORD GROUP

TICD Absorption Assumptions

Total	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Existing Housing																	
Market Rate Rental Units	-	569	-	-	-	-	-	-	-	-	-	(69)	-	-	-	-	-
Existing THDI Affordable Rental Units	-	250	-	-	-	-	-	(100)	-	(200)	(100)	(150)	-	-	-	-	-
New Housing Sites																	
Market Rate For-Sale	3,570	-	-	-	-	604	476	476	476	500	476	476	-	-	-	-	-
Market Rate Rental	630	-	-	-	-	90	90	90	90	90	90	90	-	-	-	-	-
Intermediate For-Sale	112	-	-	-	-	107	84	84	84	104	84	84	-	-	-	-	-
Intermediate Rental	144	-	-	-	-	16	16	16	16	16	16	16	-	-	-	-	-
Authority For-Sale	454	-	-	-	-	22	44	24	24	44	22	10	24	-	-	-	-
Authority Rental	180	-	-	-	-	50	104	60	104	50	50	56	-	-	-	-	-
THDI Replacement Unit Sites	70	-	-	-	-	-	-	66	-	-	44	70	-	-	-	-	-
Transitional	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
THDI Replacement Sites Subtotal	160	-	-	-	-	80	-	66	-	-	44	140	-	-	-	-	-
THDI Pds	6,000	-	-	-	-	969	816	816	950	818	748	883	-	-	-	-	-
Subtotal New Sites	6,000	-	-	-	-	969	816	816	950	818	748	883	-	-	-	-	-
Amount Net Total	6,000	819	-	-	-	969	716	816	750	518	648	664	-	-	-	-	-
Cumulative Total	6,000	819	819	819	819	1,788	2,504	3,320	4,070	4,688	5,336	6,000	6,000	6,000	6,000	6,000	6,000

LAND SALES COMPARABLES

Property Address	Date	Sale Price	Estimated Price / No. Units	Buyer	Seller
1532 Harrison Street Condo	Pending	\$6,600,000	N/A	TBD	Foxco Limited Partnership
72 Townsend Street Condo	Escrow	\$10,000,000	72	Lombert	Northshore Resources
1401 Market Street Condo	Escrow	\$28,400,000	531	Centent Heights	Citizens Housing
340-350 Fremont Street Apartment	Escrow	N/A	355	Archonous Smith	Seafarers Union
1690 Pine Street (b) Rental	Escrow	\$17,000,000	279	AF Evans	4 Private Investors
750 2nd Street Condo	January, 2006	\$3,500,000	331	750 2nd LLC	George Mead
201 Folsom Street (a) Condo	Under Option	\$40,000,000	625	Tishman Speyer	US Postal Service
1840 Market Street Condo	October, 2005	\$6,675,000	110	BayRock Residential	Sue Mills
270 Brannan Street Condo	October, 2005	\$16,000,000	106	SJK Development	Chung
One Folk Street (b) Condo	August, 2005	\$15,000,000	179	ANKA Development	Robert Boyer
55 Page Street Condo	August, 2005	\$10,725,000	128	IntraCorp	Hsu
518 Mission Street Condo	May, 2005	\$15,000,000	TBD	OMR Fund	Accor
Mission Bay, 325 Berry Street Condo	December, 2004	\$10,500,000	110	Phoenix	Carrollus
188 King Street (b) Condo - Live Work	September, 2004	\$4,600,000	44	O'Keefe	Taly
724 Van Ness Avenue (b) Condo	August, 2004	\$7,100,000	104	West Bay / Thompson	Tony Theopolis

This information is a work in progress and several of the projects are estimates which have not yet been verified
 N/A - Not Available
 TBD - To Be Determined

as of March 2006

Property Address	Date	Sale Price	Estimated No. Units	Price / Unit	Buyer	Seller
535 Mission Street (b) Condo	May, 2004	\$19,250,000	251	\$76,693	Monahan	Blackstone
40 Lansing Street (c) Condo - Guy Place/Lansing	April, 2004	\$7,290,000	82	\$88,903	Lambert Development	Harney
631 Folson Street (b) Condo	April, 2004	\$8,670,000	120	\$72,250	Makoolm	AT&T
80 Natoma Street (b) Condo	April, 2004	\$20,000,000	423	\$47,281	Myers Natoma Venture LLC	Prudential
300 Spear Street (d) Condo	March, 2004	\$51,000,000	694	\$73,487	Tishman Speyer	Urban Property Capital
235 Berry Street (b) Condo	December, 2003	\$10,710,000	105	\$102,000	Signature	Casillus
949 Market Street Condo	December, 2003	\$7,680,000	151	\$50,861	949 Market, LLC	The Lurie Company
1800 Van Ness Avenue Condo	December, 2003	\$8,000,000	123	\$65,041	Sunrise Van Ness Senior Living	Rosener Family Trust
1100 Van Ness Avenue Medical	August, 2003	\$4,500,000	83	\$54,217	CFMC	Milton Vrontos
170 King Street Condo - King St.	July, 2003	\$12,500,000	198	\$63,131	Principal / Security	King Townsend, LLC
69 Clementina Street Condo	May, 2003	\$1,200,000	9	\$133,333	McCarthy	61 Clementina, LLC
199 New Montgomery Street Condo - Howard St.	February, 2003	\$11,250,000	165	\$68,182	Monahan / Cornerstone	Sanjivlyn
425 First Street Rental - B of A Clock Tower	November, 2002	\$16,000,000	330	\$48,485	Urban West	Bank of America
1247 Harrison Street Condo	October, 2002	\$3,200,000	28	\$114,286	1247 Harrison Associates LLC	Iron Works Loft Ventures, Inc

Property Address	Date	Sale Price	Estimated No. Units	Price / Unit	Buyer	Seller
1635 California Street Condo	June, 2002	\$2,300,000	37	\$62,162	LJ SF Investments	1635 California St LP
1529 Polk Street Condo	September, 2001	\$2,650,000	40	\$66,250	Smith Brennan Properties	Consolidated Theaters
333 First Street Condo - Sailors Union Site	September, 2001	\$28,000,000	342	\$81,871	Crescent Heights	First / Folsom LLC
555 Mission Street Office	June, 2001	\$31,327,260	N/A	N/A	Tishman Speyer	Patrick & Co.
301 Mission Street (e) Condo/Rental - Transbay	June, 2001	\$59,619,880	407	\$146,486	Millennium	Mission Street LLC
519 Mission Street Hotel	December, 2000	\$16,256,220	N/A	N/A	Accor	Golden Gate University
253 Berry Street Condo - Mission Bay	August, 2000	\$13,500,000	100	\$135,000	Signature	Carallus
535 Mission Street Office	July, 2000	\$17,513,120	N/A	N/A	Blackstone	Hines
524 Howard Street Office	May, 2000	\$19,881,415	N/A	N/A	Higgins	Walfred Hsu
300 Spear Street (f) Condo/Rental - Folsom	March, 2000	\$25,000,000	820	\$30,488	Union Property	CalTrans
188 King Street Live/work building	February, 2000	\$3,600,000	44	\$81,818	188 King Street Associates LLC	M/M Frank M. & Sin Yee Wong
41 Van Ness Avenue Condo/Rental	December, 1999	\$3,000,000	44	\$68,182	CoMac Development	Van Ness & Fell LLC
55 Second Street Office	November, 1999	\$24,782,260	N/A	N/A	Cousins / Myers	Jaymout

Property Address	Date	Sale Price	Estimated No. Units	Price / Unit	Buyer	Seller
680 Mission Street (e) Rental - The Paramount	August, 1999	\$13,000,000	486	\$26,749	Related Companies	SFRDA
80 Natomas Street Condo - The Century	February, 1999	\$28,000,000	505	\$55,446	Kent Swig	KSW
400 Beale Street Condo - Bridgeway	March, 1998	\$13,000,000	245	\$53,061	Emerald Fund	Gold Bar LLC
One Embarcadero South Condo, Built as Rental	June, 1997	\$12,000,000	233	\$51,502	Urban West	Frank Wong

(a) Developer must provide 273 parking stalls to Port Office.

(b) Figures are estimates and have not been confirmed.

(c) Property under an option contract - not yet closed. Base price was \$6,750,000 with 4 options, not credited to the purchase price: \$250,000 for

(d) Includes \$2.0 million for 20 office BMR units. Project may include up to 825 units but 655 most likely.

(e) Proposed development is mixed-use, prices reflect allocation per seller, 15% of the property is allocated to office use. Includes cost of TDRs.

(f) Figures are estimates, price is an allocation of a larger acquisition, and entitlements have not yet been granted. Development includes 60,000 sf

(g) 20% of units are below market rate (BMR)

Revenues – Interim Leasing

Treasure Island : Financing Plan

August, 2006

TICD 10-YEAR BUDGET PLAN

	TOTAL	CURRENT	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUE												
TI Commercial Rental Income	\$ 3,953,359	\$ 408,732	\$ 408,731	\$ 408,731	\$ 408,731	\$ 408,731	\$ 408,731	\$ 398,911	\$ 398,911	\$ 375,191	\$ 375,191	\$ 375,191
TI Housing Rental Income	\$ 47,661,174	\$ 6,397,473	\$ 6,397,473	\$ 6,397,473	\$ 6,397,473	\$ 6,397,473	\$ 6,397,473	\$ 6,397,473	\$ 6,397,473	\$ 6,397,473	\$ 6,397,473	\$ 6,397,473
TI Rental Income	\$ 51,614,533	\$ 7,806,205	\$ 7,806,204	\$ 7,806,204	\$ 7,806,204	\$ 7,806,204	\$ 7,806,204	\$ 7,795,382	\$ 7,795,382	\$ 7,772,664	\$ 7,772,664	\$ 7,772,664
Marina Rental Income	\$ 2,189,000	\$ 218,900	\$ 218,900	\$ 218,900	\$ 218,900	\$ 218,900	\$ 218,900	\$ 218,900	\$ 218,900	\$ 218,900	\$ 218,900	\$ 218,900
Five Department Rental Income	\$ 16,200,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000
TI Special Events Revenue	\$ 1,064,000	\$ 212,800	\$ 212,800	\$ 212,800	\$ 212,800	\$ 212,800	\$ 212,800	\$ 212,800	\$ 212,800	\$ 212,800	\$ 212,800	\$ 212,800
YRI Special Events Revenue	\$ 50,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
TI Film Revenue	\$ 250,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
TI Film Revenue	\$ 40,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
TI Film Revenue	\$ 170,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000
TOTAL REVENUE	\$ 71,490,633	\$ 9,107,204	\$ 9,107,204	\$ 9,107,204	\$ 9,107,204	\$ 9,107,204	\$ 9,107,204	\$ 8,921,364	\$ 8,921,364	\$ 8,698,548	\$ 8,698,548	\$ 8,698,548
EXPENSES												
Utilities - PUC	\$ 2,940,000	\$ 1,000,000	\$ 600,000	\$ 520,000	\$ 455,000	\$ 390,000	\$ 325,000	\$ 260,000	\$ 195,000	\$ 130,000	\$ 65,000	\$ -
Utilities - Water Removal	\$ 98,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Landscaping	\$ 450,000	\$ 130,000	\$ 104,000	\$ 87,500	\$ 75,000	\$ 62,500	\$ 50,000	\$ 37,500	\$ 25,000	\$ 12,500	\$ -	\$ -
Security	\$ 1,240,700	\$ 124,278	\$ 124,278	\$ 124,278	\$ 124,278	\$ 124,278	\$ 124,278	\$ 124,278	\$ 124,278	\$ 124,278	\$ 124,278	\$ 124,278
Main: Engineering	\$ 3,157,206	\$ 413,108	\$ 413,108	\$ 413,108	\$ 413,108	\$ 413,108	\$ 413,108	\$ 413,108	\$ 413,108	\$ 413,108	\$ 413,108	\$ 413,108
Main: General Repair & Maintenance	\$ 1,577,230	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Main: Elevator	\$ 16,800	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600
Main: Utility Truck - Lessor/Manufacturer	\$ 276,000	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600
Main: Utility Truck - Lessor/Manufacturer	\$ 2,314	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Main: Utility Truck - Lessor/Manufacturer	\$ 3,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Administrative: Salaries	\$ 60,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Administrative: Education/Training	\$ 24,000	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400
Administrative: Travel & Entertainment	\$ 48,000	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Administrative: Office Supplies	\$ 48,000	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Administrative: Equip Rental/Lease	\$ 84,000	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400
Administrative: Telephone/Fax	\$ 84,000	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400
Administrative: (Postage/Fuels)	\$ 4,200	\$ 420	\$ 420	\$ 420	\$ 420	\$ 420	\$ 420	\$ 420	\$ 420	\$ 420	\$ 420	\$ 420
Administrative: Professional Fees	\$ 2,516,543	\$ 337,791	\$ 337,791	\$ 337,791	\$ 337,791	\$ 337,791	\$ 337,791	\$ 337,791	\$ 337,791	\$ 337,791	\$ 337,791	\$ 337,791
TDH1 Revenue Share	\$ 1,440,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000
Management Fee	\$ 180,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Legal Costs	\$ 2,495,270	\$ 697,027	\$ 697,027	\$ 697,027	\$ 697,027	\$ 697,027	\$ 697,027	\$ 697,027	\$ 697,027	\$ 697,027	\$ 697,027	\$ 697,027
Insurance	\$ 26,908,063	\$ 4,852,445	\$ 4,852,445	\$ 4,852,445	\$ 4,852,445	\$ 4,852,445	\$ 4,852,445	\$ 4,852,445	\$ 4,852,445	\$ 4,852,445	\$ 4,852,445	\$ 4,852,445
NET OPERATING INCOME	\$ 44,300,970	\$ 5,065,389	\$ 5,105,300	\$ 5,423,800	\$ 5,709,800	\$ 6,038,066	\$ 6,110,691	\$ 6,384,371	\$ 6,384,371	\$ 6,384,371	\$ 6,384,371	\$ 6,384,371
Cumulative NOI												
Rate of Expenses to Revenues		46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%

Revenues - Hotels

Treasure Island : Financing Plan

August, 2006

YBI Hotel				
VALUATION - DISCOUNTED CASH FLOW				
Period	Number of Months	Projected NOI	11.00% PV Factor	Unrounded Present Value
2013	12	\$ 1,976,000	0.900900901	\$ 1,780,180
2014	24	3,037,000	0.811622433	2,464,897
2015	36	3,218,000	0.731191381	2,352,974
2016	48	3,146,000	0.656730974	2,072,368
2017	60	3,216,000	0.593451328	1,908,539
2018	72	3,297,000	0.534640836	1,762,711
2019	84	3,386,000	0.481658411	1,630,895
2020	96	3,470,000	0.433926496	1,505,725
2021	108	3,564,000	0.390924771	1,393,256
2022	120	3,650,000	0.352184479	1,285,473
Reversion		45,732,226	0.352184479	16,106,180
				\$ 34,263,199
RENOVATION COSTS \$				-
ROUNDED \$				34,300,000
Value of the Reversion				
Year 11 NOI Before Property Taxes				\$ 4,224,000
Terminal Capitalization Rate				0.08
Effective Levy Rate				0.01144
Combined Cap Rate				0.09144
Indicated Value at Reversion (Fee Simple Interest)				\$ 46,194,226
Less Selling Costs				(462,000)
Net Reversion				45,732,226
Value (Rounded)				\$ 34,300,000
Value Per Room				\$ 686,000
Going-in Rate-Year 1				5.78%
YBI Hotel				
Estimated Development Cost				
Item	Cost		Per Room	
Building Structure	\$17,300,000		\$346,000	
Personal Property (FF&E)	3,750,000		75,000	
Soft Costs	1,450,000		29,000	
Pre-opening and Working Capital	700,000		14,000	
Financing Costs	1,000,000		20,000	
Contingency Costs (3.0%)	800,000		16,000	
Total, Rounded	25,000,000		500,000	
Source: PKF Consulting and Marshall and Swift				
YBI Hotel				
Land Valuation Conclusion				
Market Value (1/1/13)			\$34,300,000	
Development Costs (Inflated)			29,700,000	
Residual Land Value (Fee Simple)			\$4,600,000	

**Vacation Ownership Property (Timeshare)
Treasure Island
Cash Flow Projections**

Year
Units

2006
70

2018
70

Revenues
Average Price Per Interval
Total Intervals
Gross Timeshare Sales
Expenses
Administrative & General
Sales & Marketing
Earning Costs (Net of Rentals)
Total Expenses
Net Proceeds from Sales
Developer Profit
Remaining Balance for Product Costs
Construction Costs
Real Estate Value

x	\$30,000	100.0%	
	3,570		
	\$107,100,000		
Amount	Percent	Per Unit	
5,355,000	5.0%	76,500	
50,397,000	47.0%	718,100	
538,000	0.5%	7,657	
58,228,000	52.5%	803,257	
50,872,000	47.5%	726,743	
16,085,000	15.0%	229,500	
34,807,000	32.5%	497,243	
29,800,000	27.8%	425,714	
\$5,007,000	4.7%	\$71,529	

x	\$40,347	100.0%	
	3,570		
	\$144,037,593		
Amount	Percent	Per Unit	
7,202,000	5.0%	102,888	
67,688,000	47.0%	967,114	
720,000	0.5%	10,288	
75,622,000	52.5%	1,080,280	
68,417,503	47.5%	977,384	
21,008,000	15.0%	306,657	
48,811,503	32.5%	688,737	
40,077,687	27.8%	572,536	
38,726,506	4.7%	\$55,189	

Treasure Island Full-Service Hotel
VALUATION - DISCOUNTED CASH FLOW

Period	Number of Months	Projected NOI	10.50% PV Factor	Unrounded Present Value
2015	12	\$ 4,928,000	0.904977376	\$ 4,459,729
2016	24	6,881,000	0.81898405	5,635,429
2017	36	7,265,000	0.741162036	5,384,542
2018	48	7,149,000	0.670734875	4,795,084
2019	60	7,354,000	0.606999887	4,463,877
2020	72	7,548,000	0.549321164	4,146,276
2021	84	7,738,000	0.497123226	3,846,740
2022	96	7,924,000	0.449885272	3,564,891
2023	108	8,100,000	0.407135993	3,297,802
2024	120	8,320,000	0.368448862	3,065,495
Reversion		98,918,047	0.368448862	36,446,242

\$ 79,106,105

RENOVATION COSTS \$ -

ROUNDED \$ 79,100,000

Value of the Reversion

Year 11 NOI Before Property Taxes \$ 9,636,000

Terminal Capitalization Rate (Leasehold Interest) 0.085

Effective Levy Rate 0.01144

Combined Cap Rate 0.09644

Indicated Value at Reversion (Fee Simple Interest) \$ 99,917,047

Less Selling Costs (999,000)

Net Reversion 98,918,047

Value (Rounded) \$ 79,100,000

Value Per Room \$ 395,500

Going-in Rate-Year 1 6.23%

Full Service Hotel
Estimated Development Cost

Item	Cost	Per Room
Building Structure	\$42,181,400	\$210,907
Parking	\$462,500	\$37,000
Personal Property (FF&E)	8,000,000	40,000
Soft Costs	5,000,000	25,000
Margin	15,820,000	79,100
Pre-opening and Working Capital	2,000,000	10,000
Financing Costs	3,400,000	17,000
Contingency Costs (3.0%)	1,800,000	9,000
Total, Rounded	78,700,000	428,007
Source: PKF Consulting and Marshall and Swift		

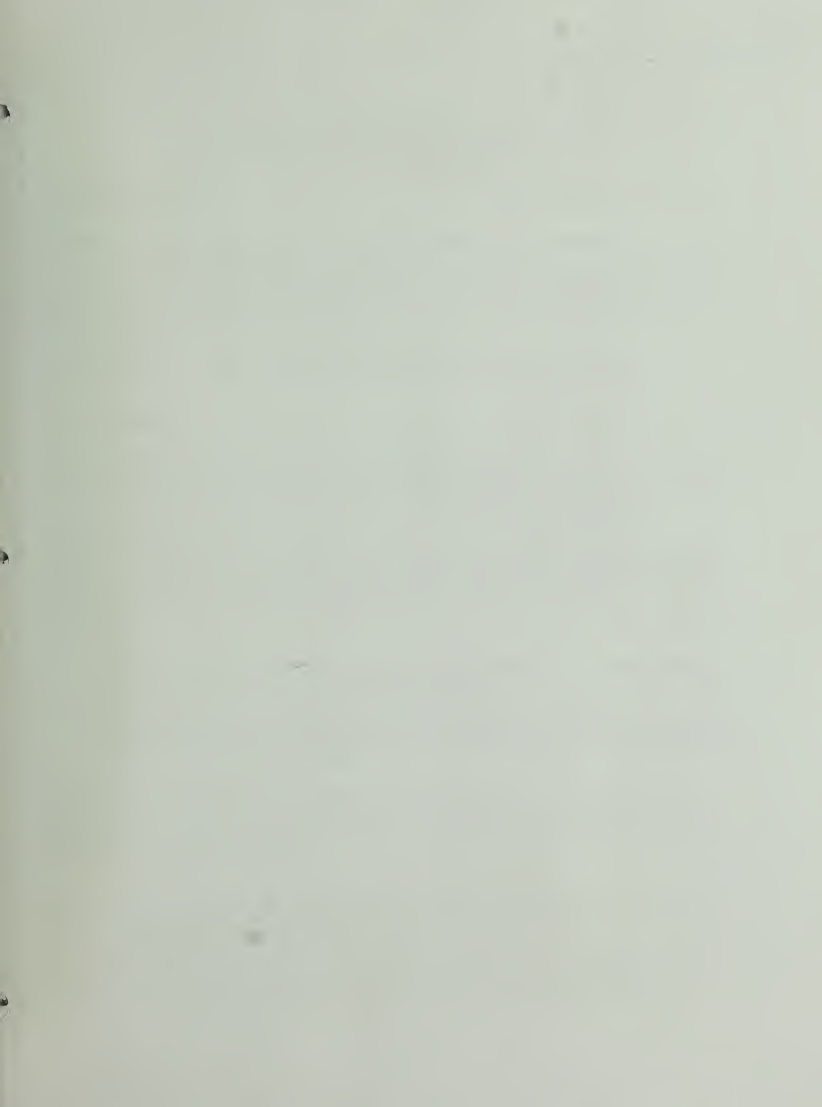
Full Service Hotel
Land Valuation Conclusion

Market Value (1/1/13)	\$79,100,000
Development Costs (Inflated)	96,300,000
Residual Land Value (Fee Simple)	-\$19,200,000

Per Unit Subsidy (200 Rooms) (164,102.56)

Adjusted for 300 Rooms (246,153.85)





Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No: 11

Meeting Date: August 25, 2006

Subject: Resolution Authorizing an Agreement with the San Francisco County Transportation Authority for Administration of an Engineering Contract to Complete a Project Study Report for Replacement of Yerba Buena Island Ramps for an Amount Not to Exceed \$375,000 (Action Item)

Staff Contact: Jack Sylvan, Mayor's Office of Base Reuse and Development

BACKGROUND

The designs for the new eastern span of the Bay Bridge (Eastern Span) include one new ramp from Yerba Buena Island onto the bridge in the eastbound direction. The three other existing ramps are intended to be reconnected to the Eastern Span in their current configuration.

In recognition of the need for ramps that meet modern design standards, in October 2003 the Mayor of San Francisco and Director of Caltrans executed a Memorandum of Understanding regarding on and off-ramps between Yerba Buena Island and the new eastern span of the Bay Bridge (Eastern Span). The MOU, among other things, stated that the City and Caltrans agreed to:

- Seek and support any legislative changes that may be necessary to provide for State ownership of all connections to the Eastern Span, and
- That the State will ensure that there are safe and reliable connections between the Eastern Span and Yerba Buena Island in both eastbound and westbound directions, consistent with State design standards.

Senate Bill 1841, for which the TIDA Board has officially adopted a support position, is the legislative vehicle which will allow the State to own the existing ramps connecting to the Eastern Span. SB 1841 has passed through the Senate and is currently under review in the Assembly Appropriations Committee.

The legislation also confirms the development of a Project Study Report (PSR), which will identify the best design for four new ramp connections from the Eastern Span to Yerba Buena Island. It is imperative to complete the PSR so that the new ramp designs can be incorporated into modified designs for the Eastern Span. As the Congestion Management Agency for the County of San Francisco, the San Francisco County Transportation Authority (SFCTA) is the customary lead for PSRs on facilities that are part of or affect the State Highway System.

There are funds available in the proposed State infrastructure bond that leverage federal transportation dollars that could be used for funding the selected ramp alternatives. If these funds are not available, staff will utilize the work on the PSR and legislation transferring ownership of the ramps to the State to identify funds for the construction project.

Project Study Report

The PSR is an engineering document that will evaluate alternative ramp configurations to determine the best alternative for four new ramps connecting Yerba Buena Island to the Eastern Span. The PSR will also estimate the costs of the preferred ramp alternatives, which is necessary to obtain state and federal funding for construction of the ramps. The SFCTA has selected via a competitive process an engineering contractor for the work, DMJM Harris. The contractor will work with the SFCTA, Caltrans, TIDA staff and engineers from Treasure Island Community Development (TICD) as part of the overall project team.

The contract with DMJM Harris is a not-to-exceed amount of \$300,000. In addition to this, Caltrans and SFCTA staff will be reimbursed for their time on the PSR, which is estimated to total \$75,000. Consequently, the total not-to-exceed amount of the funding agreement between TIDA and the SFCTA is \$375,000. Sufficient funds were programmed in TIDA's FY 06-07 professional services budget to fund this agreement. Furthermore, all funds spent on this project will be reimbursed by TICD under the terms of the Exclusive Negotiating Agreement between TIDA and TICD.

The timeline for completion of the PSR is March 2007.

RECOMMENDATION

Staff recommends approving the agreement with the SFCTA to enable planning for new ramps in conjunction with Senate Bill 1841.

EXHIBITS

- A Agreement with San Francisco County Transportation Authority

[Resolution Authorizing an Agreement with the San Francisco County Transportation Authority for Administration of an Engineering Contract to Complete a Project Study Report for Replacement of Yerba Buena Island Ramps for an Amount Not to Exceed \$375,000.]

Resolution Authorizing an Agreement with the San Francisco County Transportation Authority for Administration of an Engineering Contract to Complete a Project Study Report for Replacement of Yerba Buena Island Ramps for an Amount Not to Exceed \$375,000.

WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, Treasure Island was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, In 1995, the General Services Administration and the Bureau of Land Management determined that Yerba Buena Island was surplus to the Federal Government's needs and could be transferred to the administrative jurisdiction of the Department of Defense under the Base Closure and Realignment Act of 1990 and disposed of together with Treasure Island; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

1 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
2 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
3 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Authority
4 as a redevelopment agency under California Redevelopment Law (Sections 33000 et seq. of
5 the Health and Safety Code) with authority over the Base upon approval of the City's Board of
6 Supervisors, and (ii) with respect to those portions of the Base which are subject to Tidelands
7 Trust, vested in the Authority the authority to administer the public trust for commerce,
8 navigation and fisheries as to such property; and,

9 WHEREAS, The Board of Supervisors approved the designation of the Authority as a
10 redevelopment agency for Treasure Island in 1997; and,

11 WHEREAS, Currently the United States Navy owns the on- and off-ramp connections
12 to Yerba Buena Island from Interstate 80, the San Francisco-Oakland Bay Bridge, and
13 because Federal law prohibits the Navy from "improving" surplus property, the Navy cannot
14 repair or replace the ramps as part of the transfer of the Base property to the Authority; and,

15 WHEREAS, Current State designs for the new Eastern Span of the Bay Bridge
16 (Eastern Span) include construction of one new ramp connecting to Yerba Buena Island and
17 reuse of three other existing ramps that do not meet current State design and safety
18 standards; and

19 WHEREAS, An October 2003 Memorandum of Understanding between the Authority
20 and the State, acting through Caltrans, indicated that among other things, (1) the State and
21 City agreed to seek and support any legislative changes necessary to provide for State
22 ownership of all connections to the Eastern Span and (2) the State will ensure that there are
23 safe and reliable connections between the Eastern Span and Yerba Buena Island in both
24 eastbound and westbound directions, consistent with State design standards; and

1 WHEREAS, The Authority is not the appropriate future owner/operator of the ramp
2 connections to Interstate 80, and accordingly, staff has pursued state legislation to cause
3 ownership of the ramps connecting the eastern-side of Yerba Buena Island to Interstate 80 on
4 the Bay Bridge to reside with Caltrans after the ramps are conveyed out of federal ownership;
5 and,

6 WHEREAS, State Senator Carole Migden has introduced Senate Bill 1841 to transfer
7 ownership of the ramps to the State, and Senate Bill 1841 also provides for the development
8 of a Project Study Report ("PSR"), which will identify the best design for four new ramp
9 connections from the new eastern span to Yerba Buena Island; and

10 WHEREAS, Completion of the PSR on a timely basis is imperative so that the new
11 ramps designs can be incorporated into the new Eastern-Span Replacement Project for the
12 Bridge; and,

13 WHEREAS, At its April 17, 2006 meeting, the Board of Directors adopted a resolution
14 expressing its support of Senate Bill 1841; and

15 WHEREAS, Article V, Section 2(k) of the Authority's Bylaws authorizes the Authority to
16 contract with governmental agencies, including without limitation, any department,
17 commission or agency of the City, for the performance of services in furtherance of and
18 related to the purposes of the Authority; and

19 WHEREAS, as the Congestion Management Agency for the County of San Francisco,
20 the San Francisco County Transportation Authority (the "TA") is the customary lead for PSRs
21 on facilities that are part of the State highway system; and,

22 WHEREAS, Authority staff proposes to enter into an Agreement with the TA under
23 which the TA will lead the effort to prepare and obtain approval of the PSR, and the TA will be
24

1 reimbursed for all expenses relating to completion of the PSR, including reimbursement of TA
2 and Caltrans staff time, in an amount not to exceed \$375,000; now, therefore, be it

3 RESOLVED, That the Board of Directors hereby approves and authorizes the Director
4 of Island Operations to enter into an Agreement with the TA for the preparation of the PSR in
5 substantially the form attached hereto as Exhibit A; and, be it

6 FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of
7 Island Operations to enter into any additions, amendments or other modifications to the
8 Agreement that the Director of Island Operations determines in consultation with the City
9 Attorney are in the best interests of the Authority, that do not materially increase the
10 obligations or liabilities of the Authority, that do not materially reduce the rights of the
11 Authority, and are necessary or advisable to complete the preparation and approval of the
12 PSR, such determination to be conclusively evidenced by the execution and delivery by the
13 Director of Island Operations of the documents and any amendments thereto.

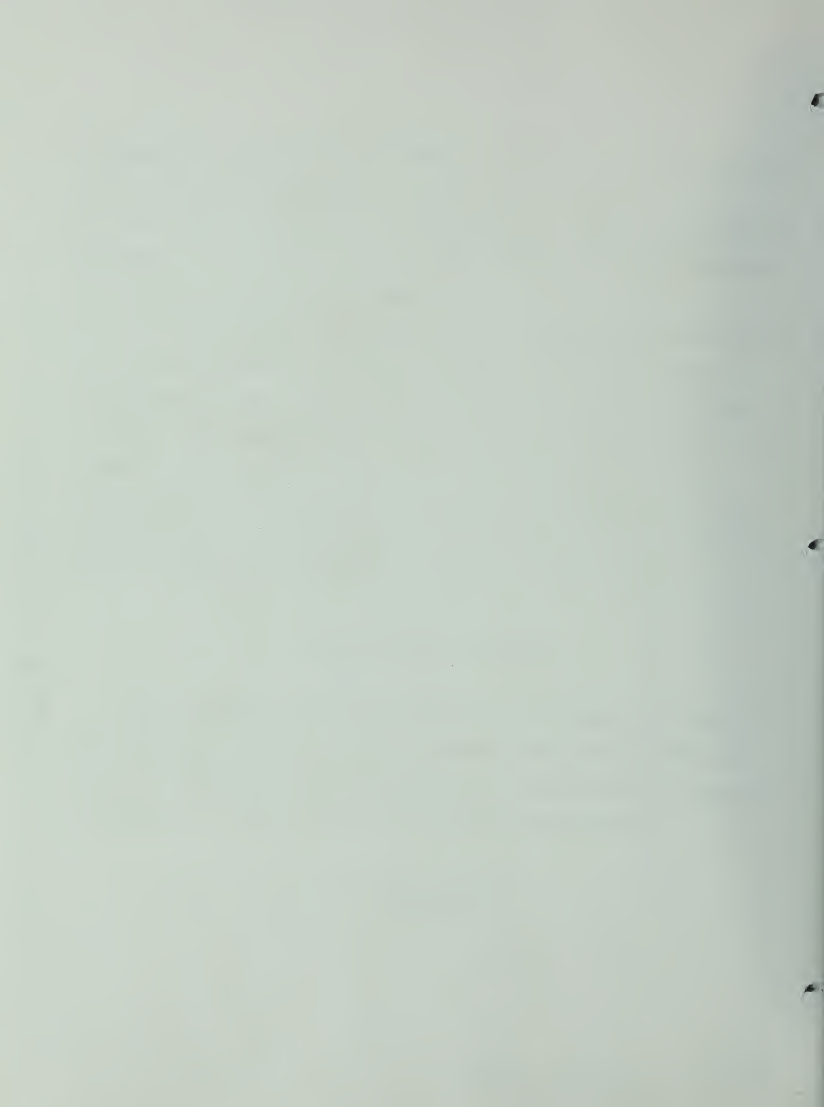
14
15 **CERTIFICATE OF PRESIDENT**
16

17 I hereby certify that I am the duly elected and acting President of the Treasure
18 Island Development Authority, a California nonprofit public benefit corporation, and
19 that the above Resolution was duly adopted and approved by the Board of Directors of
20 the Authority at a properly noticed special meeting on August 25, 2006.

21
22 _____
23 Claudine Cheng
24 President
25



RECYCLED PAPER MADE FROM 50% RECYCLED FIBER





AGREEMENT # A06/07-01

for Project Study Report (PSR) for the Replacement of the Yerba Buena Island (YBI) Ramps

THIS AGREEMENT is made and shall be effective on the 1st day of April 2006, by and between the San Francisco County Transportation Authority (the "Authority"), and the Treasure Island Development Authority ("TIDA").

RECITALS

- A. In its capacity as Congestion Management Agency for San Francisco, the Authority has been asked by TIDA to lead the effort to prepare and obtain approval for the Project Study Report ("PSR") for the replacement of the Bay Bridge connector ramps to the east side of Yerba Buena Island, referred to herein as "PROJECT". The approved Scope of Project is attached hereto as Exhibit A.
- B. The Authority will contract with DMJM Harris ("Consultant") and enter into a cooperative agreement with the California Department of Transportation ("Caltrans") to deliver the PROJECT.
- C. The Authority will be reimbursed in full for all expenses relating to the completion of this project. Forecast total expenditures are \$375,000. The approved Project Budget is attached hereto as Exhibit B.
- D. The Authority and TIDA agree that the Authority will perform all tasks necessary to deliver PROJECT by July 31, 2007.
- E. The following agreement sets forth the respective responsibilities of the Authority and TIDA with respect to the completion of the PROJECT.

AGREEMENT

The Authority and TIDA agree to the following:

1. The Authority shall contract with Consultant for professional services and enter into a cooperative agreement with Caltrans to deliver the PROJECT by July 31, 2007.
2. The Authority and TIDA agree to the following with regard to management of task work:
 - a. The Authority shall conduct all major communications with the consultant and Caltrans regarding deliverables, task updates, or other performance of services.

- b. The Authority shall maintain project records including deliverables, progress reports, and correspondence; and, shall make available to TIDA for review upon request.
 - c. Consultants and Caltrans shall submit task-based invoices directly to the Authority to seek payment for services rendered. The Authority shall review Consultant and Caltrans invoices and process payments.
 - d. The Authority shall submit a copy of the paid invoice and supporting documentation to TIDA for reimbursement. TIDA shall process reimbursements within 14 days of receipt.
 - e. The Authority shall retain full and final discretion to resolve payment issues, provided that the costs are consistent with the mutually agreed upon Scope of Project and Project Budget.
 - f. The Authority will notify TIDA of any proposed changes to the Scope of Project and/or Project Budget within two (2) days of the proposed change being known by the Authority or requested by Consultant.
 - g. The Authority and TIDA will have regular coordinating meetings, as needed.
- 3. TIDA shall participate in the Consultant procurement process and be a member of the Project Development Team.
 - 4. TIDA may terminate this Agreement, in whole or in part, at any time upon five (5) working days' prior written notice. In the event of such a termination, Authority shall submit a final project progress report to TIDA identifying work completed, funds used, and balance remaining within 45 days of said termination. Authority shall have 60 days from date of termination to transfer any unused funds.
 - 5. In no event shall the maximum expenditure allowed under this agreement exceed **\$375,000**.
 - 6. This agreement may be modified only in writing and by mutual consent of both parties.
 - 7. Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, e-mail or by fax, and shall be addressed as follows:

To Authority: **Rodney Pimentel, Deputy Director for Capital Projects**
San Francisco County Transportation Authority
100 Van Ness Ave., 26th Floor
San Francisco, CA 94102
rodney.pimentel@sfcta.org
fax: (415) 522-4829

To TIDA: **Jack Sylvan, Project Manager**
Mayor's Office of Base Reuse & Development
City Hall, Room 448

1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
jack.sylvan@sfgov.org
fax: (415) 554-6018

With copy to: **Director of Island Operations**
Treasure Island Development Authority
Building One, 2nd Floor
Treasure Island
San Francisco, CA 94130
fax: (415) 274-0660

Any notice of default must be sent by registered mail.

IN WITNESS WHEREOF, The parties have executed this AGREEMENT on the date set forth below.

SAN FRANCISCO COUNTY
TRANSPORTATION AUTHORITY

TREASURE ISLAND DEVELOPMENT
AUTHORITY

Recommended by:

Recommended by:

Rodney Pimentel
Deputy Director for Capital Projects

Jack Sylvan, Project Manager
Mayor's Office of Base Reuse and
Development

San Francisco County Transportation Authority

Approved by:

Executed by:

José Luis Moscovich

Executive Director
San Francisco County Transportation Authority

Mirian Saez, Director of Island Operations
Treasure Island Development Authority

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

AGREEMENT # A06/07-01

EXHIBIT A SCOPE OF PROJECT

The Authority, together with Caltrans and Consultant, are undertaking the preparation and approval of a Project Study Report (PSR) for the Replacement of the Yerba Buena Island (YBI) Ramps. As Congestion Management Agency for San Francisco, the Authority is the customary lead for PSRs on facilities that are part of or affect the State Highway System. The report will be a necessary document to allow state improvements to the ramps after they are ultimately transferred from the Navy to the State. The Authority will provide oversight of engineering consultant services contracted for this purpose. Work is anticipated to be completed by July 31, 2007. The Project is being funded by the Treasure Island Development Authority (TIDA), which will also participate as part of the Project Development Team.

Task 1. Project Management/Oversight

In this task, the Authority and TIDA will outline a specific work plan, and refine a list of deliverables. This will involve setting tasks, deriving the timeline, outlining the division of responsibilities, and refining the budget for each task.

Subtask	Deliverable (s)	Timeframe
1.1 Develop workplan:	Workplan, Executed MOA with TIDA	April-August 2006
1.2 Meetings	Kick-off, Project	Ongoing (Monthly)
1.3 Reporting/Task Management	Progress and Funding Report	Ongoing (Monthly)
1.4 Invoice review and processing	Approved invoices	Ongoing (Monthly)
1.5 Closeout: Project assessment, archiving, final accounting	Final Report	July 2007

Task 2. Consultant Procurement

In this task, Authority will enter into contract with Consultant to provide professional services to prepare the PSR.

Subtask	Deliverable (s)	Timeframe
2.1 RFP Preparation	RFP	May 2006
2.2 Proposal Solicitation:	Pre-proposal Meeting, RFP Addenda, Response to Bidder Inquiries	May 2006
2.3 Proposal Review: select consultant	Summary of proposal reviews, Interviews	June 2006
2.4 Contract Preparation: negotiate consultant fees, execute a contract with the consultant	Negotiations, Executed Contract	August 2006

Task 3. Caltrans Cooperative Agreement

In this task, Authority will enter into a cooperative agreement with Caltrans for support during the PSR process.

Subtask	Deliverable (s)	Timeframe
3.1 Meeting: Identify roles and responsibilities, prepare estimate of effort.	Meeting summary	June 2006
3.2 Draft Cooperative Agreement	Draft CA	August 2006
3.3 Final Cooperative Agreement	Executed CA	September 2006

Task 4. PSR Preparation

In this task, the Consultant will perform all work related to preparing the PSR.

Subtask	Deliverables	Timeframe
4.1 Project Management	Reports, Invoices	Ongoing (Monthly)
4.2 Project Mapping	Geometrics, Layouts	January 2007
4.3 Draft Project Study Report: Environmental, Traffic, Design	Draft PSR	January 2007
4.4 Final Project Study Report:	Approved PSR	March 2007

Task 5. PSR Approval

In this task, Caltrans will review the submittals.

Subtask	Deliverables	Timeframe
5.1 Project Management: Coordination, routing of documents, prepare invoices, meetings	Reports, Invoices	Ongoing (Monthly)
5.2 Technical Review Draft Project Study Report	Comments	February 2007
5.3 Technical Review of Draft Final Project Report	Comments	March 2007

AGREEMENT # A06/07-01

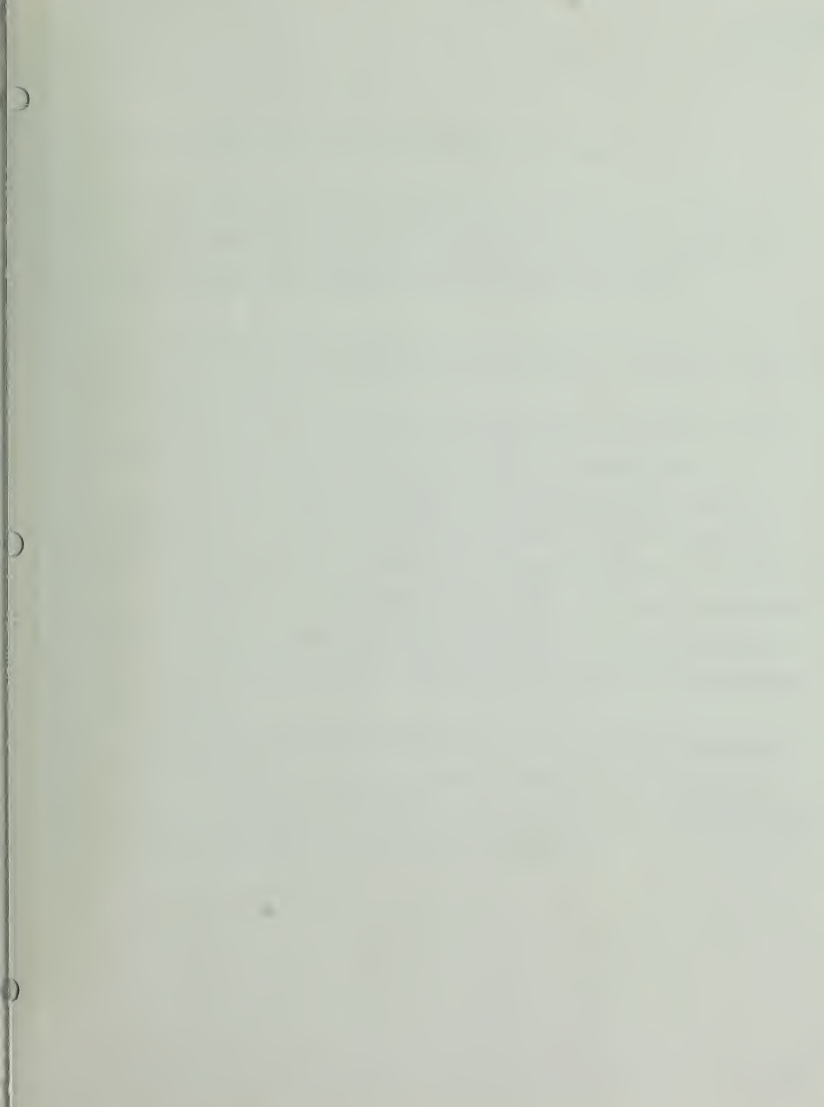
**EXHIBIT B
BUDGET SUMMARY**

TASK ITEM	Hours	Rate ₁	Cost
Task 1. Project Management/Oversight			
1.1 Develop workplan	55	\$55	\$3,000
1.2 Meetings	95	\$55	\$5,250
1.3 Reporting/Task Management	103	\$55	\$5,650
1.4 Invoice review and processing	55	\$55	\$3,000
1.5 Closeout: Project assessment, archiving, final accounting	41	\$55	\$1,100
Task 2. Consultant Procurement			
2.1 RFP Preparation	40	\$75	\$3,000
2.2 Proposal Solicitation:	40	\$75	\$3,000
2.3 Proposal Review: select consultant	40	\$75	\$3,000
2.5 Contract Preparation: negotiate consultant fees, execute consultant contract	40	\$75	\$3,000
Task 3. Caltrans Cooperative Agreement			
3.1 Meeting: Identify roles and responsibilities, prepare estimate of effort.	20	\$90	\$1,800
3.2 Draft Cooperative Agreement	60	\$90	\$5,400
3.3 Final Cooperative Agreement	40	\$90	\$3,600
Task 4. PSR Preparation ²			
4.1 Project Management	144	\$125	\$18,000
4.2 Project Mapping	40	\$100	\$4,000
4.3 Draft Project Study Report: Environmental, Traffic, Design	2144	\$125	\$268,000
4.4 Final Project Study Report:	80	\$125	\$10,000
Task 5. PSR Approval ³			
5.1 Project Management: Coordination, routing of documents, prepare invoices, meetings	80	\$90	\$7,200
5.2 Technical Review Draft Project Study Report	220	\$90	\$19,800
5.3 Technical Review of Draft Final Project Report	80	\$90	\$7,200
SUBTOTAL			\$375,000

1. Rates are estimated. Actual billed rates will vary depending upon classifications.

2. Work efforts to be detailed in task orders.

3. Work efforts to be detailed in Cooperative Agreement.



Notes

1 [Election of Officers of the Treasure Island Development Authority.]
2

3 **Resolution Approving the Election of Officers of the Treasure Island Development**
4 **Authority, as Nominated by the Ad Hoc Nomination Committee to Serve for a Ten**
5 **Month Term Beginning September 1, 2006 and Ending June 30, 2007**
6

7 WHEREAS, Under the TIDA Bylaws, officers of the Board of Directors (the "Board") are
8 to be chosen annually; and,

9 WHEREAS, The TIDA Bylaws allows the Board to create one or more committees
10 consisting of two or more Directors to serve at the pleasure of the Board; and,

11 WHEREAS, At the May 31, 2006 TIDA meeting, the Board adopted a resolution
12 establishing an Ad Hoc Nomination Committee, and 3 members were appointed by the
13 President of the Board to serve as members of the TIDA Ad-Hoc Nomination Committee; and,

14 WHEREAS, This committee met on August 25, 2006 to consider and nominate Officers
15 for the TIDA Board of Directors, and the Ad Hoc Nomination Committee has reported its
16 nominations to the full TIDA Board for consideration at its August 25, 2006 regular meeting;
17 now therefore be it

18 RESOLVED, That the Board hereby elects _____ to serve as President and
19 Chair of the TIDA Board, _____ to serve as Secretary of the TIDA Board, and
20 _____ to serve as Chief Financial Officer of the TIDA Board for the ten (10) month
21 period beginning September 1, 2006 and ending on June 30, 2007.
22
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24
25

Notes

[illegible]

1 [Election of Officers of the Treasure Island Development Authority.]
2

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CERTIFICATE OF PRESIDENT

I hereby certify that I am the duly elected President of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on August 25, 2006.

Claudine Cheng, President

Notes

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Notes



TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

DRAFT Minutes of Special Meeting
Treasure Island Development Authority
August 25, 2006

City Hall, Room 400
1 Carlton B. Goodlett Place
San Francisco, CA

DOCUMENTS DEPT.

SEP 22 2006

SAN FRANCISCO
PUBLIC LIBRARY1. **Call to Order:** 1:35 PM

Roll Call Present: Jared Blumenfeld
Jesse Blout
John Elberling (Acting Chair)
Marcia Rosen

Absent: Claudine Cheng
Matthew Franklin
Supervisor Chris Daly

2. **Report by Executive Director**

There was no discussion by the Board on this item.

3. **Report by the Mayor's Office of Base Reuse and Development**

Mr. Michael Cohen, Mayor's Office of Base Reuse, stated that Jack Sylvan met recently with the State Lands Commission (SLC) staff and the SLC seems happy with the progress of the development project. The SB 1841 regarding the off-ramps has been put on hold; staff is confident that this bill will eventually work its way through. At the September meeting, staff will provide the Term Sheet and attachments. There will be at least 3 full TIDA and Citizen Advisory Board meetings to review the development plan.

4. **Communications**

There was no discussion by the Board on this item.

5. **Report by the Treasure Island/Yerba Buena Island Citizen Advisory Board**

There was no CAB report at this meeting.

6. **Ongoing Business by Directors**

There was no discussion by the Board on this item.

7. General Public Comment

Mr. Howard Strassner, Sierra Club, stated that there is no discussion about MUNI lanes in the ramps legislation, encouraged further investigation of this, particularly the westbound ramps.

8. Consent Agenda

There was no public comment on the Consent Agenda.

Director Rosen motioned for approval of the Consent Agenda.

Director Blout seconded the motion.

The Consent Agenda was approved unanimously.

**9. Resolution Commending Joanne Sakai
Public Comment**

Ms. Natalie Bonnewit, TIHDI Board member, placed a letter thanking Ms. Sakai and TIDA staff from Ms. Sherry Williams, TIHDI Executive Director, into the public record.

Mr. Michael Cohen, Mayor's Office of Base Reuse, placed a letter from Mayor Newsom commending Ms. Sakai into the public record.

Director Blout read the Resolution commending Ms. Sakai into the public record. Thanked Ms. Sakai for her hard work and professionalism during a difficult time.

Director Rosen stated that the Redevelopment Agency assumed staffing responsibilities of the Authority as part of the Agency Agreement. The people of San Francisco join in thanking Ms. Sakai, stated she exemplifies the level of professionalism and public service that everyone aspires to. Ms. Sakai has numerous responsibilities at the Agency, and it was astonishing that Ms. Sakai was able to devote time and attention to her Treasure Island responsibilities. The Agency could not have fulfilled its obligations to the Authority without Ms. Sakai.

Director Elberling thanked Ms. Sakai for her service to the Authority.

Director Rosen motioned for approval.

Director Blout seconded the motion.

The item was approved unanimously.

Ms. Joanne Sakai thanked the Board for their kind words. Thanked the TIDA staff for their hard work. Acknowledged the CAB, TIHDI and Island residents. Stated it was an honor to work with the TIDA Board.

Director Elberling requested to call Item 11 next.

11. Agreement with San Francisco Transportation Authority

Mr. Michael Cohen, Mayor's Office of Base Reuse, stated there is a consensus agreement with CalTrans that a project study report is necessary to determine the best options for redesign of the Island on and off ramps to the Bay Bridge. The Transportation Authority has agreed to work with TIDA on this study.

Director Rosen asked what the source of funding is and if this amount is in the budget. Mr. Cohen stated it is in the budget and the funding is reimbursable by the developer. Director Rosen asked if future staff reports can indicate whether funds are budgeted or not.

There was no public comment on this item.

Director Rosen motioned for adoption.
Director Elberling seconded the motion.
The resolution was approved unanimously.

11. Presentation of Draft Financing Plan

Mr. Michael Cohen, Mayor's Office of Base Reuse, presented the Draft Financing Plan. Stated a main tenet of the development plan is that it should not use General Fund money or direct public subsidies. Discussed the sources of financing horizontal development: Mello-Roos bonds, tax increment financing, and private investment. The necessary private investment is estimated at approximately \$500 million. The largest single cost in the horizontal development is infrastructure, followed by affordable housing and environmental clean-up. The pro-forma on the cost side does not currently account for a land payment to the Navy. Discussed transaction structure and how net-project revenues are distributed. The Plan proposes that 100% of net revenue goes to TIDC until it achieves 20% return: revenues next go to TIDA to repay TIDA's contribution of housing revenues, then 100% of revenues go to TIDC until they surpass their 25% hurdle rate. Excess proceeds are then split 50-50 between TIDA and TIDC. TIDC has requested doing 100% of the vertical development, staff has pushed back due to need for architectural diversity and benchmarking. The Financing Plan proposes 20% of all market rate residential will be sold to third parties via blind auction; 60% may be developed by TIDC and the other 20% allows TIDC to participate as a joint venture but not as managing partner. 100% of the commercial development will be by TIDC. Discussed the attachments to the plan, including vertical pro-formas which have been vetted by staff and consultants.

Director Blout stated he is impressed with the level of detail in this Plan. Stated the number for historic preservation costs does not reference historic preservation tax credits. Asked if there is an infusion of cash from tax credits in this pro-forma.

Mr. Cohen stated there would be.

Director Rosen asked who will own the historic properties.

Mr. Cohen stated the Authority will retain ownership since they are within the Tidelands Trust boundaries.

Director Blout asked if there is definition of what constitutes a joint venture yet.

Mr. Cohen stated there is not; it has only been studied at a conceptual level at this point. Director Blout stated there is a high residual value for the condo-hotel in this pro-forma, asked if the value was correct.

Mr. Cohen stated this was the correct residual value.

Director Blout stated that everyone should be concerned about programming land payment or back-end participation with the Navy. This pro-forma does not reflect this pending payment.

Director Rosen asked if these numbers are presented nominally or by net present value.

Mr. Cohen stated they are presented nominally.

Director Rosen asked about administrative funding for the project, stated the amount proposed is currently not enough.

Mr. Cohen stated that in the MSD General Fund payments there is roughly \$1 million per year programmed for supporting the work of the Authority.

Director Rosen urged staff to re-think the agency administration amount in the pro-forma. Stated that on another topic, costs for infrastructure for affordable housing units should be considered infrastructure costs and not affordable housing costs. Stated it is a dangerous precedent to call these costs affordable housing costs when it is actually infrastructure. Asked if there is detail on Mello-Roos financing. Stated it should be clarified that these fees will not affect current residents.

Mr. Cohen stated the Term Sheet attachments discuss performance guarantees and securities for the project. The sizing of the Mello-Roos is conservative at this point. The general concept will be in the Term Sheet.

Director Rosen asked if staff has worked on issues surrounding joint ventures and what the Authority's role is from the public-policy perspective.

Mr. Cohen stated that the Term Sheet discusses the TIHDI Job Broker program, CityBuild and general DBE applications.

Director Elberling stated that the amount budgeted and format for community facilities is wrong. The core costs are not reflected correctly, especially for those facilities which have several core functions.

Mr. Sylvan stated that all the background information was not compiled yet on this issue.

Director Blumenfeld asked if there is potential participation by the Navy on the back end if the residual value is higher than expected.

Mr. Cohen stated it is not currently reflected that way.

Director Blumenfeld asked what the plan is for moving forward beyond the Term Sheet.

Mr. Cohen stated that once the development deal is endorsed by the Authority and Board of Supervisors, all attention turns to the Navy and discussions with them.

Director Blout asked what level of design the project was at.

Mr. Sylvan stated it was still at a conceptual level.

Director Blumenfeld asked about the line item regarding base property tax in lieu of vehicle license fee.

Mr. Sylvan stated there is an agreement between the State and local jurisdictions where the State took Vehicle License Fees to close the budget gap; the State is now reimbursing the localities through property tax. This number reflects the City's share of this reimbursement.

Director Elberling asked if there was an assumption of increase in sales cost of condos.

Mr. Cohen stated it is assumed that they will stay in balance.

Director Elberling asked if the developer is willing to go forward with the proposed business deal in the Term Sheet.

Mr. Cohen stated they are willing to go forward with the assumption that over the next two years additional value will be identified and the returns they are seeking can be reached.

Director Elberling asked what the referenced premiums were for the for-sale housing.

Mr. Cohen stated the premiums are view premiums.

Director Blout asked what the assumption was for the tax rate.

Mr. Cohen stated it was at 1.8.

Director Elberling asked if there is a discount in value for things like not having parking with the unit.

Mr. Cohen stated there are several amenities and resources available on the Island, and it is a balancing of the pluses and the minuses, and the residual land value is based on that.

Director Elberling stated that the state of the current rental housing needs to be addressed for the next 10 years of use. Asked if the retail subsidy envisions a store on the Island the same year the deal closes.

Mr. Cohen stated that it is timed so that the retail is constructed as soon as the infrastructure is in place. Stated the new Island Director will be looking hard at putting this in place sooner rather than later.

Director Elberling stated that in terms of subsidy there needs to be a store as soon as there is a deal in place. Stated that the agency administration total is a low number and needs to be reassessed. Asked about the community facilities component.

Mr. Cohen stated that staff has been looking at this issue in two ways. There is a certain square footage of space set forth and scattered to serve the residential areas. The second component would be in Building 1 as part of a main center for residents and visitors. The need will be identified and some of that need will be at Building 1 as well as services spread through the residential neighborhoods.

Director Elberling stated that in order to make these facilities work there will need to be funding taken from elsewhere, such as the contributions back to the General Fund.

Mr. Cohen stated that the City needs to start considering Treasure Island as part of the City and not as a separate entity which has to pay its own way. It will be a challenge but the City needs to start realizing this.

Director Blout asked staff to take a further look at the use of the historic hangers. Asked what the process is at the Term Sheet level.

Mr. Cohen stated that there will be a deadline for TICD to identify uses for the hangers. If that does not happen then the Authority can look into options for use. The goal is to at least give TICD an opportunity to identify uses.

Public Comment

Ms. Eve Bach, ARC Ecology, thanked Mr. Sylvan for his responsiveness to requests for information. Stated she agrees with Director Rosen's comments regarding not counting infrastructure costs as affordable housing costs. Stated it is important to look at Treasure Island as a public piece of land and public benefits should be commensurate with any public subsidy.

Mr. Howard Strassner, Sierra Club, stated that the transportation capital costs state there is no funding for MUNI busses. Also there is no mention of the transportation increment fee that has to be paid to MUNI. Also asked if the amount of square feet planned for the store was enough.

Director Rosen asked that for public information and discussion, staff follow-up with further information on the financial model explaining the transaction structure and the rates of return on the business deal.

12. Approving the Nominations for Officers of the Ad-Hoc Nominating Committee
Commission Secretary Peter Summerville reported that the Ad-Hoc Nomination Committee had unanimously nominated Claudine Cheng to serve as President and John Elberling to serve as Secretary/Chief Financial Officer.

There was no public comment on this item

Director Rosen motioned for approval of the item.

Director Blout seconded the motion.

The resolution was approved unanimously.

13. Director Elberling motioned for adjournment

The meeting was adjourned at 3:35 PM



TREASURE ISLAND DEVELOPMENT AUTHORITY

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Minutes of Special Meeting
Treasure Island Development Authority
August 25, 2006

City Hall, Room 400
1 Carlton B. Goodlett Place
San Francisco, CA

DOCUMENTS DEPT.

SEP 28 2006

SAN FRANCISCO
PUBLIC LIBRARY

1. **Call to Order:** 1:35 PM

Roll Call Present: Jared Blumenfeld
Jesse Blout
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Marcia Rosen

Absent: Claudine Cheng
Matthew Franklin
Supervisor Chris Daly

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There was no CAB report at this meeting.

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Commission Secretary Peter Summerville reported that the Ad-Hoc Nomination Committee had unanimously nominated Claudine Cheng to serve as President and John Elberling to serve as Secretary/Chief Financial Officer.

There was no public comment on this item

Director Rosen motioned for approval of the item.

Director Blout seconded the motion.

The resolution was approved unanimously.

13. Director Elberling motioned for adjournment

The meeting was adjourned at 3:35 PM



